



# Governance

## Content

Chair's Introduction	58
Our Governance Structure	59
Board of Directors	60
Governance	63
Nomination Committee Report	70
Spotlight feature - Q&A with...	75
Audit and Risk Committee Report	77
ESG Committee Report	83
Remuneration Committee Report	86
Directors' Report	98
Directors' Responsibilities Statement	103



**"The onboarding process was very personable."**

**Eva-Lotta Sjöstedt**


Non-Executive Director



## Strengthening our Board

Alliance has successfully transitioned to a fast growth Consumer Healthcare Company. The Board and Executive team has evolved accordingly to ensure that the Group has the right skills and expertise to align with its long-term strategy.

To ensure we maximise the effectiveness of new Board members as quickly as possible, Alliance has developed a comprehensive onboarding process. Each new Board member spends time with the key executives and senior managers of each function within the business to understand key decisions that have been made in recent history and the future strategic drivers.

 See our **Spotlight Q&A with new Board members** on **pages 75 and 76**



## CHAIR'S INTRODUCTION

WE ARE  
ALLIANCE

“  
Board discussions centre on driving value for our investors as we focus on developing our Consumer Healthcare business within skincare and healthy ageing.”

**Camillo Pane**

Chair

**DEAR SHAREHOLDERS AND COLLEAGUES,**

On behalf of the Board, I am pleased to introduce the Governance Report for the year ended 31 December 2023; my first since becoming Chair of the Board in February 2024.

As a Company admitted to AIM, our governance is underpinned by the Quoted Companies Alliance (“QCA”) Corporate Governance Code 2018 (“the QCA Code”). During the year, the Company has complied with the principles of the QCA Code and details of how we have done so can be found in the Governance section of the Company’s website. The business is currently reviewing its obligations under the new 2023 QCA Code, which will be reported against next year.

The Board’s agreed strategy can be found on pages 16 to 19 and we continue to ensure that our corporate governance processes remain robust, challenging and appropriate, providing strong foundations to underpin our assessment of risks to our strategy and the delivery of that strategy for the long-term sustainability of the business. Our governance framework is designed to support the decisions we as a Board and as Directors must make.

In today’s business environment, the challenges to our strategy never seem to be very far away and like many other Companies we continue to work hard to limit the impact of changes in the macro-economic environment, economic fluctuations, geo-political tensions, and supply chain disruptions. Board discussions centre on driving value for our investors as we focus on developing our Consumer Healthcare business within skincare and healthy ageing. This includes reviewing the risks to our business as explained in the ‘Protecting our Business’ section on page 49.

The Board is supported by its Committees. Their work in the areas of financial assurance, ESG, remuneration and leadership ensures a governance framework that pieces together the complexities that need to be balanced to ensure we deliver on our promise to all stakeholders. You can read more about their work in the reports that follow.

**Engagement with our shareholders**

Board representatives undertook a comprehensive governance roadshow during the summer months of 2023 to understand investors’ views on several topics including the Company’s dividend policy, particularly given the proportion of votes against the final dividend

at the AGM in May. A wide range of investors were included in the roadshow across Private Client Fund Managers, our largest institutional investors and smaller investors.

**Board changes during 2023**

With the support of the Nomination Committee, during 2023 we were pleased to introduce new and diverse skills and experience onto the Board to support our strategy as we grow our Consumer Healthcare business.

At the start of 2023, we saw Andrew Franklin (“CFO”) take on the role of acting CEO, whilst Peter Butterfield took a leave of absence until his return to work in March 2023. On 1 February 2023, we welcomed the appointments of both Martin Sutherland as a Non-Executive Director and Jeyan Heper as Chief Operating Officer; and on 6 November 2023, a further two Non-Executive Directors, Eva-Lotta Sjöstedt and Richard McKenzie, were appointed to the Board. You can read more about these appointments and their skills and experience in the Nomination Committee Report on page 70 and in the biographies on pages 60 to 62. I was delighted to join the Board as Chair on 19 February 2024.

On the 8 May 2024, we announced that Peter Butterfield would be stepping down as CEO on 13 May and would leave the business at the end of June 2024. On behalf of the Board, I would like to thank Peter for everything that he has done for Alliance and we wish him well in his future endeavours. Following a comprehensive search process, Nick Sedgwick was appointed CEO on 13 May 2024 and we look forward to working with him as he leads the Company through the next phase of its growth and development.

**2024 Annual General Meeting**

This year’s AGM will be held at 10.00am on 29 July 2024. Further details can be found in the Notice of AGM accompanying this Annual Report. The Board would like to thank all shareholders and colleagues for their continued support, and we look forward to continuing working with them during 2024.

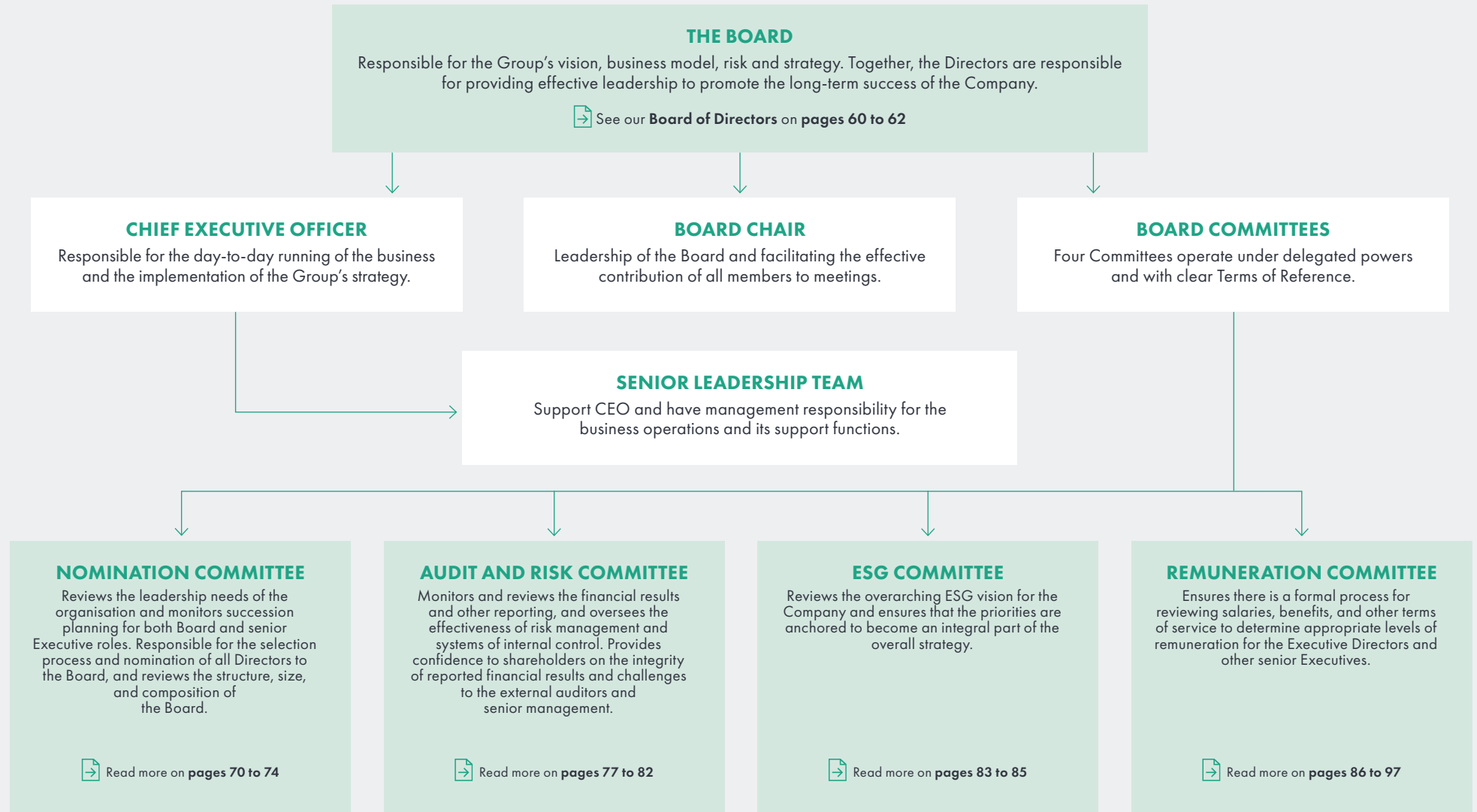
**Camillo Pane**

Chair

18 June 2024



OUR GOVERNANCE STRUCTURE





BOARD OF DIRECTORS

**Camillo Pane**  
Independent Non-Executive Chair

COMMITTEE MEMBERSHIP

C

DATE JOINED

Camillo joined the Board of Alliance as Chair on 19 February 2024.

QUALIFICATIONS

Camillo graduated in Business Administration specialising in marketing, from Bocconi University, Milan.

EXPERIENCE

Camillo is a senior Executive with over 30 years of UK and international experience in US, European and Asian public multinational consumer companies. He has a strong track record for delivering value and growth in multi-channel, multi-cultural and multi-category consumer businesses through the use of consumer centric strategies, developing high performance teams with strong execution and innovation and operational optimisation.

During his career, Camillo has held a number of senior positions at Reckitt Benckiser where he spent almost 20 years across both Global and Regional roles, including Senior Vice President and Global Category Officer for Consumer Health, before moving to Coty Inc, one of the largest beauty companies in the world, where, as CEO, he led the merger with Procter & Gamble Specialty Beauty. Most recently, he was Group CEO of Health & Happiness Group, a global Health and Nutrition Company listed on the Hong Kong Stock Exchange with revenues of around \$2.0bn.



**Nick Sedgwick**  
Chief Executive Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Nick joined the Board as Chief Executive Officer on 13 May 2024.

QUALIFICATIONS

Nick has an honours degree in Maths from Loughborough University.

EXPERIENCE

He brings 30 years of consumer goods experience across European, US and global roles at major multinational companies such as Reckitt, Coty, and Nestlé. Most recently, Nick was Regional Director for UK and Ireland Consumer Health at Reckitt during which time he increased revenue and improved profitability in the second largest market for the company.

Prior to this, Nick worked at Coty holding several senior roles including Senior Vice President for Global Sales and Commercial Capabilities, Senior Vice President Sales for the US business and General Manager Consumer Beauty for UK and Ireland.

Throughout his career, Nick has worked in multiple countries, always delivering high revenue growth through consumer-centric strategies, high performance teams and excellence in execution.



**Peter Butterfield**  
Former Chief Executive Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Peter stepped down as CEO on the 13 May 2024 and continues to support the Board until he leaves at the end of June. Peter was previously the Company's Deputy Chief Executive Officer and was appointed to his office as Chief Executive Officer on 1 May 2018, having joined Alliance in 2010 as an Executive Director.

QUALIFICATIONS

Peter holds an honours degree in Pharmacology from the University of Edinburgh.

EXPERIENCE

Peter has 25 years' experience in the life sciences sector and strong leadership experience gained in a variety of contexts. He joined the Board of Alliance in 2010 and has been CEO at Alliance since 2018. In this time, he has driven the continued and international growth of the business. Prior to 2010, Peter spent five years at Cambridge Laboratories. Peter started his career at GlaxoSmithKline, where he spent six years in a variety of marketing and sales roles.





BOARD OF DIRECTORS CONTINUED

**Andrew Franklin**  
Chief Financial Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Andrew joined Alliance in September 2015 from Panasonic Europe Ltd, where he was General Manager, European Tax and Accounting.

QUALIFICATIONS

Andrew holds an honours degree in Civil Engineering from the University of Wales, Cardiff.

EXPERIENCE

From 2010 to 2012, Andrew was Finance Director and Company Secretary of Genzyme Therapeutics Ltd, the UK and Ireland subsidiary of Genzyme Corporation. Prior to that, he gained 12 years' pharmaceutical experience with Wyeth in a variety of senior financial positions.

Andrew is a Fellow of the Institute of Chartered Accountants in England and Wales with extensive experience in financial management of international businesses, including significant experience in life sciences companies.



**Jeyan Heper**  
Chief Operating Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Jeyan joined Alliance as Chief Operating Officer and Board member on 1 February 2023. He has more than 25 years of diverse experience with a strong track record of strategic leadership in the international Consumer Health market, overseeing a number of global programmes and driving growth in flagship brands.

QUALIFICATIONS

Jeyan graduated from the Bosphorus University in Istanbul with a Bachelor of Arts degree in Political Science and International Relations.

EXPERIENCE

Jeyan has held senior Executive roles at Proctor & Gamble and Danone Group. In addition, Jeyan was President and General Manager of Ansell's sexual wellness global business before it was spun-out to become Lifestyles Healthcare, a private equity/pharma-owned Company where Jeyan became CEO. During his tenure as CEO at Lifestyles Healthcare, Jeyan delivered significant growth through market and category expansion, building a strong ecommerce platform in China and the US, and improving operational effectiveness. Most recently, Jeyan worked as Head of Global Transformation at British American Tobacco plc and held a Non-Executive Director seat on the Board of NASDAQ-listed Organigram Inc.



**Richard Jones**  
Senior Independent Non-Executive Director

COMMITTEE MEMBERSHIP



DATE JOINED

Richard joined Alliance as a Non-Executive Director on 1 January 2019.

QUALIFICATIONS

Richard has a degree in Engineering from Newcastle University and is a Chartered Accountant.

EXPERIENCE

Richard was appointed as Chief Financial Officer at UK main market listed Medica Group PLC, an international provider of high-quality telemedicine services. Prior to this, Richard gained extensive experience in the healthcare sector in his roles at UK AIM listed Companies Mereo BioPharma Group PLC and Shield Therapeutics PLC. At Mereo, he had a leading role in the merger with US listed OncoMed Pharmaceuticals, Inc and Mereo's dual listing on Nasdaq in 2019.

At Shield, he had a leading role establishing the finance operations and guiding Shield through its 2016 IPO.

His prior career in investment banking included senior positions at Investec and Brewin Dolphin Securities, where he advised healthcare clients on a wide range of transactions including IPOs, M&A and fund raisings.



**Richard McKenzie**  
Independent Non-Executive Director

COMMITTEE MEMBERSHIP



DATE JOINED

Richard joined Alliance as an Independent Non-Executive Director on 6 November 2023.

QUALIFICATIONS

Richard graduated from Oxford University in Philosophy, Politics, Economics and holds an M.Phil in Latin American Studies.

EXPERIENCE

From 2019 to 2023, Richard was Chief Commercial Officer and latterly President (Europe and Asia) for Ocado Solutions, driving the growth of this leading grocery ecommerce platform globally. During his tenure at Ocado Solutions, Richard led major new deals with partners in Korea, Japan, Spain and Poland, and redesigned the B2B organisation of the business.

Prior to this, Richard was a strategy consultant for OC&C in London and China, building the Company's presence in Asia-Pacific, before becoming a Senior Partner for the Consumer Goods and Retail practice of Oliver Wyman in Asia-Pacific. During this time, he built extensive experience of the retail consumer market in China, and Asia-Pacific more broadly. He is currently a Senior Advisor at McKinsey and Company.





## BOARD OF DIRECTORS CONTINUED

### Kristof Neiryck

#### Independent Non-Executive Director

##### COMMITTEE MEMBERSHIP



##### DATE JOINED

Kristof joined Alliance as an Independent Non-executive Director on 1 December 2021.

##### QUALIFICATIONS

Kristof holds a Master of Science degree in Electronic Engineering from the University of Ghent, Belgium.

##### EXPERIENCE

Kristof is CEO at Avon Cosmetics where up until recently he was their Global Chief Marketing Officer and Managing Director Western Europe. He brings more than 20 years of experience in General Management, Marketing, Digital Transformation and Innovation, having carried out roles in Fast Moving Consumer Goods/Consumer Packaged Goods, Luxury and Retail sectors across multiple geographies. He is well versed in operating across an omnichannel model, combining bricks and mortar retail, ecommerce and direct-to-consumer experience.

Kristof joined Walgreens Boots Alliance in 2015 and in 2017 became their Chief Marketing Officer for their Global Brands division where he had responsibility for a \$4.0bn sales portfolio of more than 20 of their owned brands in Beauty and Consumer Healthcare. Prior to this, Kristof held leadership roles at P&G's Prestige, Laundry and Feminine Care global divisions; having started his career in 2002 at Procter & Gamble in Belgium before moving to Procter & Gamble International in Switzerland in 2004.



### Eva-Lotta Sjöstedt

#### Independent Non-Executive Director

##### COMMITTEE MEMBERSHIP



##### DATE JOINED

Eva-Lotta joined Alliance as an Independent Non-Executive Director on 6 November 2023.

##### QUALIFICATIONS

Eva-Lotta graduated from IHM Business School in Marketing and Economics.

##### EXPERIENCE

From 2016 to 2018, Eva-Lotta was CEO of Georg Jensen, the luxury jewellery and Scandinavian design brand. Prior to this, Eva-Lotta was CEO at Karstadt, a chain of premium department stores in Germany with a strong ecommerce presence. She started her career at IKEA, establishing the business in Japan where she worked for four years before becoming CEO of IKEA Netherlands and then Deputy Global Retail Manager. She has in-depth knowledge of global consumer retail, supply chain and digital transformation and has held leadership roles in consumer-facing industries across Europe, Japan, China and the US.

Eva-Lotta is currently a Non-Executive Director at FTSE250 listed Tritax Eurobox, which operates, manages and invests in real estate assets across Continental Europe where she chairs the ESG Committee and sits on the Nomination and Management Engagement Committees. She is a member of the Board of ELISA Oyi, a digital services and telecommunications Company listed on Nasdaq Helsinki, and sits on their People and Nomination Committee. She is also a member of the Supervisory Board of Metro AG, a German wholesale food specialist operating in 35 countries.



### Martin Sutherland

#### Independent Non-Executive Director

##### COMMITTEE MEMBERSHIP



##### DATE JOINED

Martin joined Alliance as an Independent Non-Executive Director on 1 February 2023.

##### QUALIFICATIONS

Martin graduated from Oxford University with a Master of Arts degree in Physics and University College London with a Master of Science degree in Remote Sensing.

##### EXPERIENCE

Martin is a senior Executive with more than 30 years of global business experience. He is currently a Non-Executive Director at FTSE listed Forterra plc, a leading UK manufacturer of essential clay and concrete building products, sitting on their Nomination, Remuneration, Audit and Risk and Sustainability Committees. Martin is also a NED on the Board of XPS Pensions plc, where he sits on the Remuneration and Audit Committees, and is the Chair of Logiq Consulting Limited, a privately held cyber-security business.

Previously, Martin was CEO of Reliance Cyber Limited from 2019 to 2022, De La Rue plc from 2014 to 2019 and held a variety of roles at Detica plc, becoming Managing Director in 2008 on its acquisition by BAE Systems plc. He brings experience in delivering growth through new product innovation, market diversification and international expansion.





## GOVERNANCE

### THE ROLE OF THE BOARD

The Board is responsible for the Group's vision, business model and strategy. Together, the Directors are responsible for providing effective leadership to promote the long-term success of the Company.

Each year, the Board holds a two-day strategy planning meeting at which the Senior Leadership Team ("SLT") and other senior employees present their proposals. From this session, the Group's strategic plan and business model is agreed. The CEO is responsible for the implementation of the strategy which is communicated to all employees by the management team through breakfast briefings and online presentations.

There is a formal list of matters reserved for the Board, which may only be amended by the Board and is available on our website.

### LEADERSHIP, ROLES, AND RESPONSIBILITIES

#### The Chair

Camillo Pane was appointed to the Board as Chair on 19 February 2024. With primary responsibility for leading the Board and facilitating the effective contribution of all members to meetings, he maintains a strong focus on governance to ensure good practice is embedded in the business with good flows in communication and reporting. He has regular dialogue with the CEO to ensure the business and the management team receive the support from the Board necessary to progress the strategy.

The Chair also meets with the Non-Executive Directors on their own at least once a year and leads the Board evaluation process. Shareholders have an opportunity to engage with the Chair and the Board at the Company's AGM.

#### The Chief Executive Officer ("CEO")

The responsibility for the day-to-day running of the business and the implementation of the Group's strategy rests with the CEO, Nick Sedgwick, supported by the SLT which has management responsibility for the business operations and its support functions. Relevant matters are reported to the Board

by the CEO and, as appropriate, the CFO and other members of the SLT.

Nick was appointed to the Board as CEO of the Company on 13 May 2024 following the announcement on 8 May that Peter Butterfield was stepping down and would be leaving the business at the end of June 2024.

#### The Senior Independent Director ("SID")

Richard Jones was appointed SID on 1 February 2023. His role is to act as a sounding board and intermediary for the Chair and other Board members. His responsibilities include leading the performance evaluation of the Chair and attending meetings with shareholders and analysts to obtain a balanced understanding of any issues or concerns.

#### The Non-Executive Directors

Non-Executive Directors are required to commit the time necessary to fulfil their role to:

- › provide oversight and scrutiny of the performance of the Executive Directors;
- › constructively challenge to help develop and execute on the agreed strategy;
- › satisfy themselves as to the integrity of the financial reporting systems and the information they provide;
- › satisfy themselves as to the robustness of the internal controls;
- › ensure that the systems of risk management are robust and defensible; and
- › review corporate performance and the reporting of such performance to shareholders.

Independence on the Board is reviewed and confirmed annually by the Nomination Committee. Each of the Non-Executive Directors sits on at least two of the Committees ensuring that between them they have a role in oversight of the audit and financial processes, determining the pay and

benefits of the Executive Directors and in the planning of Board succession, including the appointment and, if necessary, removal of Executive Directors. They are appointed for an initial term of five years, subject to annual re-election by shareholders at the AGM. Their appointment term may be renewed by mutual agreement.

### BOARD AND COMMITTEE MEMBERSHIP

The Board currently comprises ten Directors: the Chair, five further Independent Non-Executive Directors and four Executive Directors (although Peter Butterfield will cease to be a Director at the end of June 2024). Supporting the Board are four Committees operating under delegated powers and with clear Terms of Reference.

#### Nomination Committee

The Nomination Committee reviews the leadership needs of the organisation and monitors succession planning for both Board and senior Executive roles. It is responsible for the selection process and nomination of all Directors to the Board, and reviews the structure, size, and composition of the Board.

#### Audit and Risk Committee

The Audit and Risk Committee monitors and reviews the financial results and other reporting and oversees the effectiveness of risk management and systems of internal control. The Committee provides confidence to shareholders in the integrity of reported financial results and challenges the external auditors and senior management.

#### Remuneration Committee

The Remuneration Committee ensures there is a formal process for reviewing salaries, benefits, and other terms of service to determine appropriate levels of remuneration for the Executive Directors and other senior Executives.

#### ESG Committee

The ESG Committee reviews the overarching ESG vision for the Company and ensures that the priorities become an integral part of the overall strategy.



## GOVERNANCE CONTINUED

## KEY ACTIVITIES OF THE BOARD AND ITS COMMITTEES

Throughout the year, the Board received regular updates and considered strategy, the commercial and financial performance of the business, operational performance, and legal and governance matters. In addition to these standing items, other business considered by the Board and its Committees is set out below.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug*	Sep	Oct	Nov	Dec
<b>Business strategy</b> Strategy planning, review of Group strategy, presentations from business and functions	■					■	■					
<b>Director changes</b> The role of the CEO, the appointment of COO and Non-Executive Directors, review of onboarding and Director induction	■	■					■		■	■		
<b>2023 and 2024 budget</b> Presentations and budget approval	■										■	■
<b>Operational performance</b> Mainland Europe, Asia-Pacific specifically, CBEC and performance in China, US, various product and brand reviews, brand protection, Great Place to Work®, Innovation and Development, cyber risk and security	■	■	■	■	■	■	■	■	■	■	■	■
<b>Strategic finance</b> Banking refinance, interest rate hedging, Group Treasury Policy					■	■	■	■				
<b>Investor engagement and broker presentations</b> Full and half-year results, webcast presentations, analyst calls and investor and governance roadshows, Private Client Fund Manager meetings, one-to-one calls and AGM, and presentations from brokers	■			■			■		■	■		
<b>Financial reporting and market</b> Company results, trading statements and dividends, Annual Report and Accounts, dividend policy and declarations	■	■	■	■	■	■	■	■	■	■	■	■
<b>Nomination Committee</b> Board composition and Committee membership, Board and senior management succession planning, NED recruitment, Terms of Reference	■	■								■	■	
<b>Remuneration Committee</b> Review of salary proposals 2023, Executive remuneration, 2023 corporate bonus awards, review of incentive plans, 2023 Company share option awards, 2024 corporate bonus scheme, objectives and targets, Terms of Reference	■		■		■				■	■		
<b>Audit and Risk Committee</b> Key accounting estimates and judgements, significant accounting policies, annual audit process and fees, external auditor, internal audit function, foreign currency and hedging, risk management, Terms of Reference		■	■						■	■		■
<b>ESG Committee</b> Committee structure, sustainability framework and initiative, investor engagement, disclosure and accounting metrics, carbon action plan and environmental strategy, TCFD reporting and corporate website disclosures	■				■		■		■			
<b>Governance and Legal Matters</b> Includes the review of risk management framework, Board Effectiveness review, Governance reporting, AGM notice, litigation, Slave Free Alliance and Modern Slavery Statement, review of gender pay, Group compliance and policies	■	■	■						■			■





## GOVERNANCE CONTINUED

**BOARD ATTENDANCE, SUPPORT, AND MEETING MANAGEMENT****Meeting attendance in 2023**

Directors are expected to attend all scheduled Board meetings. This includes a two-day strategy meeting in each year which is also attended by all senior Executives of the Group to review progress in delivering the Group's long-term strategic objectives.

Member	Role	Status	Attendance
Camillo Pane <sup>1</sup>	Chair	Independent	–
Jo LeCouilliard <sup>2</sup>	NED	Independent	10/11
David Cook <sup>3</sup>	NED	Independent	4/4
Peter Butterfield <sup>4</sup>	CEO	–	9/11
Nick Sedgwick <sup>4</sup>	CEO	–	–
Andrew Franklin	CFO	–	11/11
Jeyan Heper <sup>5</sup>	COO	–	10/10
Kristof Neiryneck	NED	Independent	11/11
Richard Jones	NED	Independent	11/11
Martin Sutherland <sup>5</sup>	NED	Independent	10/10
Eva-Lotta Sjöstedt <sup>6</sup>	NED	Independent	1/2
Richard McKenzie <sup>6</sup>	NED	Independent	2/2

<sup>1</sup> Camillo Pane was appointed to the Board on 19 February 2024.

<sup>2</sup> Jo LeCouilliard resigned from the Board on 19 February 2024.

<sup>3</sup> David Cook resigned from the Board on 25 May 2023.

<sup>4</sup> Peter Butterfield took leave from the business with effect from 23 November 2022 returning in February 2023. Nick Sedgwick was appointed CEO of the Company on 13 May 2024. Peter stepped down as CEO on 13 May 2024 and will leave Alliance on 30 June 2024.

<sup>5</sup> Jeyan Heper and Martin Sutherland were appointed to the Board on 1 February 2023.

<sup>6</sup> Eva-Lotta Sjöstedt and Richard McKenzie were appointed to the Board on 6 November 2023.

The Board held 11 scheduled meetings, and ten unscheduled meetings during the year. Unscheduled meetings were called to discuss matters such as Director changes, budget, and refinancing arrangements for the Group. In addition, and where appropriate, sub-committee meetings were convened to assist with formal decision-making. Meetings follow a clear agenda, supported by written reports and presentations from both internal members of staff, as well as external advisers and consultants.

**Meeting management**

The Company Secretary is secretary to the Board and the Board's Committees. On behalf of the Chair, the Company Secretary is responsible for ensuring that all Board and Committee meetings are conducted properly and that the Directors are properly briefed on any item of business to be discussed. He has a direct line into the Chair on all matters relating to governance and is responsible for ensuring governance, legal and regulatory compliance is considered, recorded, and implemented.

Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors receive written reports updating on strategy, finance (including monthly management accounts), operations, commercial activities, business development, risk management, legal and regulatory matters, people and infrastructure and investor relations. Meeting papers are distributed via an electronic Board portal.

The Directors may have access to independent professional advice, where needed, at the Company's expense.

**Directors' conflicts of interest**

The Company has effective procedures in place to monitor and deal with conflicts of interest. Directors are required to notify the Company of any situation that could give rise to a conflict or potential conflict thereby compromising their independence and objectivity. Each member is required to disclose any such potential conflicts at the start of every meeting. The Board is fully aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. Where any such conflict arises, the Board determines whether or not a Director can vote or be a party of the item under consideration in accordance with the Company's Articles of Association. The Board is satisfied that potential conflicts have been effectively managed throughout the year.

**Director induction, training, and development**

The Company Secretary is responsible for ensuring that all newly-appointed Directors receive a thorough formal tailored briefing and induction on joining the Board, aimed at providing Directors with the information to become effective as soon as possible in their role. The induction has the aim of:

- › building an understanding of the Company's business and markets;
- › building a link with the Company's people and an understanding of the Company's main relationships; and
- › ensuring an understanding of the Board's governance framework and Board processes.



## GOVERNANCE CONTINUED

Each Director receives one-to-one inductions with Board and SLT members and is provided with access to the Directors' handbook. All four newly appointed Directors received tailored inductions which included but wasn't limited to:

- › meetings with each Board member to discuss their roles and responsibilities on the Board and the Committees;
- › meetings with each SLT member to explain their areas of responsibility within the business;
- › an explanation of the Company's governance and compliance framework, including Board procedures;
- › an explanation of Directors' responsibilities under the AIM Rules and other statutory and regulatory rules; and
- › pharmacovigilance and Good Distribution Practice inductions.

All the Directors are responsible for ensuring their skills and knowledge are kept up to date. This is done in varying ways but includes professional training, online training or attending seminars and webinars offered by advisers and consultancies. In addition, regular updates on corporate governance, legal or regulatory changes are also provided via reporting or through presentations to the Board.

**BOARD RESPONSIBILITY FOR SUSTAINABILITY**

The Board has overall responsibility for the Group's sustainability strategy and programme which includes climate policy and action and TCFD voluntary reporting. In 2023, we continued to refine our approach to our sustainability framework. The ESG Committee is responsible for setting the Group's overarching sustainability strategy, including climate change, and you can read more about the Committee's work on pages 83 to 85.

**CORPORATE CULTURE AND BUSINESS CONDUCT**

Our culture is underpinned by a clear set of values, which help guide decision-making at all levels in the business. You can read about our values on page 06 and 07.

The Board expects the business to foster relationships and operate high standards of business conduct. We recognise that investors are increasingly looking for socially responsible Companies to invest in; employees are seeking employers with a strong ethics culture that aligns with their own moral code; and customers are conducting enhanced due diligence on their suppliers' ethical and legal compliance controls. With regular briefings to employees across the Group, training and investment in our people and systems, we ensure that everyone understands the Company's strategy, goals and objectives. We empower employees to take ownership of the work that they do and encourage a culture of inclusion to manage risks, deliver results and drive the business forward.

The Board reviews and approves the Group's policies that have been implemented and communicated internally and externally in the Company's core languages to those who are expected to adhere to them. For example, in addition to the codes of conduct, this includes policies on diversity and inclusion, the prevention of bribery and corruption, fair competition, conflicts of interest and anti-slavery. Further information about our policies can be found in Sustainability – Policies and Documents on our website at [www.alliancepharmaceuticals.com/sustainability/policies-and-documents](http://www.alliancepharmaceuticals.com/sustainability/policies-and-documents).

**STAKEHOLDER ENGAGEMENT**

Engaging with the Company's stakeholders is well embedded in the business as we continue to look after our relationships with shareholders, employees, lenders, customers, suppliers and consumers and the wider communities. The Board and management seek to understand views from stakeholders and

is made aware of and considers their needs and interests and any impact of the decisions it makes.

Visibility and awareness are further increased through senior management who have collective responsibility for communicating and engaging with specific stakeholder groups. This includes making sure that the business upholds its values and monitors behaviour for acceptability.

The Board and its Committees recognise that to meet their responsibilities to shareholders and other stakeholders, it is important to ensure effective engagement with, and encourage participation from, these parties. When engaging with shareholders, the Directors are supported by the Head of Investor Relations and Corporate Communications.

You can read more about our stakeholder engagement on pages 42 and 43.

**PROMOTING THE SUCCESS OF THE COMPANY – S.172**

The powers and duties of the Directors are determined by legislation and the Company's Articles of Association. Collectively, they have a duty to promote the success of Alliance for the benefit of its members over the long term.

The Directors are aware and mindful of their duties and obligations under s.172 of the Companies Act 2006. They are required to act in good faith and their discussions give due consideration to the impact of those decisions on the Group's strategy, values, and the interests of the Company's various stakeholders. Each Director is responsible for weighing up all the relevant factors and how these ultimately promote the long-term success of the Company for the benefit of its shareholders as a whole. To help them reach well-informed decisions they are provided written reports, market reviews, guidance, and presentations and briefings from both internal members of staff and external advisers which assists them when assessing any risks.



## GOVERNANCE CONTINUED

## PROMOTING THE SUCCESS OF THE COMPANY – S.172 CONTINUED

**The likely consequences of any decision in the long term**

The Board considers the long-term consequences on the business and its stakeholder Group when setting and approving the strategy and the annual budget. For this purpose, the Directors consider the assessment of risks and opportunities and how these might benefit shareholders, and impact, for example, consumers, suppliers and employees. A long-term approach ensures the Directors take decisions that mean a more sustainable business. The strategy is explained on pages 16 to 19.

**The interests of the Company's employees**

The Board considers the activities and welfare of the Company's employees at its meetings and from time to time, employees are invited to attend Board and Committee meetings to present on key operational, financial, and strategic matters. There is regular dialogue between the SLT and all employees through Breakfast Briefings at which employees are briefed on matters such as the outcome of surveys, organisational changes, and other positive initiatives to support their health and wellbeing. This helps to ensure our employees remain engaged. They are also able to participate in the Company's employee share option schemes to ensure they feel aligned with the Company's plans for growth over the longer term. You can read more about our employee engagement on pages 24 and 25, and on pages 31, 42, and 68.

**The need to foster the Company's business relationships with suppliers, customers, and others**

When the Board reviews the Company's strategy, the annual budget and risks - due consideration is given to business relationships to ensure that they support the long-term objectives. In addition, the Board reviews policies and codes of conduct that govern these relationships and takes into consideration some elements of the Strategic Report and Sustainability sections i.e., on anti-bribery and corruption, human rights, as well as supply chain resilience. More on the Company's engagement with its stakeholders can be found on pages 42 and 43.

**The impact of the Company's operations on the community and the environment**

The work of the ESG Committee helps the Directors consider their responsibilities in relation to the environment and wider communities.

They receive updates on climate risk and the impact of the business on the environment. All employees are also encouraged to participate in the process to drive positive change. When the Board is discussing consumer products, it discusses the benefits and timings of transitioning towards sustainable packaging and considers solutions that help drive the sustainability agenda. The Board's commitment in this area is demonstrated by approval of the Alliance environment strategy and carbon action plan. You can read more on the Company's sustainability objectives on pages 28 and 29.

**The desirability of the Company maintaining a reputation for high standards of business conduct**

The Board ensures that the right culture is embedded throughout the business and is in part attributable to the Company's values, attitudes and behaviours when conducting its business and engaging with stakeholders. Maintaining high standards promotes the reputation of the Company, which is clearly communicated via the Partner Code of Conduct – available on the Company's website.

**The need to act fairly as between members of the Company**

Shareholders are kept informed of Company news via stock exchange announcements, website and hard copy communications. With the support of Investor Relations, all shareholders receive information by their chosen method. In addition, the Company sets up investor roadshows to meet with shareholders and discuss any concerns they have. More recently, the Board took the decision to appoint a Senior Independent Director to assist the Chair with shareholder engagement. All shareholders are also encouraged to attend the Company's AGM each year, where they can ask questions freely.



## GOVERNANCE CONTINUED

## KEY DECISIONS BY THE BOARD AND MANAGEMENT INCLUDING S.172 CONSIDERATIONS

## Strategy &amp; business plan



## Decisions relating to the Group's strategy and business plans

The Board continues to focus on brand growth in its strategic locations.

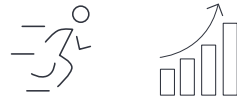
When reviewing and approving the strategy and business plans for the long-term growth of the business, the Board considers the interests of its shareholders and the need to create value.

The Board receives and considers the current and medium- to long-term economic landscape in its key markets as well, and product specific trends and analysis to frame the Group's strategy and ensure it is focused on the right categories and markets.

The Board also considers the risks and opportunities and does so in the context of how the strategy would also impact on patients, consumers, employees, on its relationships with suppliers and distributors, on healthcare professionals and arrangements in place with lenders.

To support the strategy, building relationships is important to the Board. Members of the Board and/or members of the Senior Leadership Team meet with key suppliers and distributors. This helps to strengthen partnerships and align opportunities for growth.

## Reward and recognition



## Decisions relating to reward and recognition

The Great Place to Work® survey and groupwide monthly Breakfast Briefings, help us to gather feedback from all employees. As a result, this year, in addition to other company benefits, the business launched a new reward and recognition scheme, brought forward pay increases and gave three days leave over Christmas in addition to the usual annual holiday entitlement.

On 4 October 2023, the Board also approved the grant of share options under the Company's Long-Term Incentive Plan ("LTIP").

During the year, the Board took a decision to move towards an LTIP for all its employees. This decision considered the need to continue to motivate and retain current employees as well as continue to attract high calibre talent to help drive strategic growth.

Prior to making any decisions, the Chair, SID and Chair of the Remuneration Committee met and discussed proposals with its institutional investors in order to take into account their views. Value to shareholders was also considered in the context of future dilution and the accounting treatment associated with granting share option awards under the new LTIP.

## Director changes



## Decisions relating to the appointment of Directors

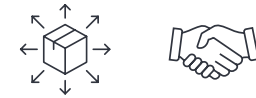
We remain in close communication with our shareholders and following feedback relating to the skills and expertise required to support the company's long term strategy the Board decided to expand the management team, increase the number of NEDs and appoint a new Chair.

In particular it was felt that the Board would benefit from more experience in managing operations within a consumer environment, particularly in Alliance's core international growth markets. It was felt that expanding the Board in this way would improve the company's ability to drive the Group strategy and generate value for stakeholders.

In February 2023, the Board was expanded to include Jeyan Heper as COO and Martin Sutherland. Later that year, in November, Eva-Lotta Sjöstedt and Richard McKenzie joined the Board. The process was led by the Nomination Committee who recommended potential candidates to the Board. With input from advisers, this eventually led to appointments that were felt would be in the best interest of the Company and stakeholders as a whole.

More detail relating to the Board's skills and experience can be found in the matrix on page 71.

## Supply chain governance



## Decisions relating to the development of our Human Rights strategy

Alliance strives to be at the forefront of ESG best practice as consumers, colleague and investors increasingly look for companies' whose values align with their own. Following a recommendation from our legal team, in addition to advice from our ESG consultants, the Board decided to work towards the formulation and approval of a comprehensive global Human Rights strategy for the business through to 2026. The Board has delegated authority to the ESG Committee to oversee this project.

In the short term, the Group is focussing on strengthening its visibility throughout its supply chain. With the assistance of the Slave Free Alliance we will embark on increasing targeted external audits within our suppliers which will strengthen our reputation and the relationships with our supply chain and consumers.

The Board seeks reassurance from the ESG Committee and the Executive that the Company is engaging with the supply chain and distributors to help ensure we meet the high standards of conduct expected whilst ensuring appropriate balance between our sustainability framework and delivering our growth strategy with the resources currently available.

## Links to strategy:



Brand growth



Commercial execution



Strategic supply partnerships



Organisational agility



## GOVERNANCE CONTINUED

**Engagement with shareholders**

Throughout the year, the CEO (or Andrew Franklin acting CEO), CFO, COO, Chair, SID and Head of IR met with potential and existing investors, and they fed back to the Board the key summary points from their meetings. In addition to these meetings, there were 83 scheduled meetings held as part of the Company's investor roadshows for the annual 2022 and half-year 2023 results.

Mid-year, the Chair, SID, and Head of IR met with 15 institutions over four days, covering 60% of the share register. These meetings discussed Board composition, a change in remuneration policy in relation to incentive awards and performance conditions, communications, capital structure allocation, and dividends. Overall, shareholders were positive and found the meetings helpful.

Feedback following an analysis of the Company's investor base and research notes by sell-side analysts is reported by the CEO at each Board meeting. The Board also received analysts' notes, and brokers' briefings to ensure, as far as possible, a clear and up-to-date understanding of investors' views. Information on investor sentiment is also provided to the Board by the Company's brokers and financial PR advisers.

A list of the Company's major shareholders can be found in the Investor section of our website, and a list of notifiable holdings can be found on page 98 of the Directors' Report.

These are regularly updated following the formal notification of movements to the Company.

The Company further communicates with shareholders through its Annual Report and Accounts, half-year announcements, trading updates and at the Company's AGM. Such reports, as well as other relevant announcements and related information, are all available on the Group's website, [www.alliancepharmaceuticals.com](http://www.alliancepharmaceuticals.com).

The website also offers a facility to sign up for email alert notifications of Company news and regulatory announcements.

**BOARD EFFECTIVENESS REVIEW**

As required under the QCA Code, the Board continually monitors and improves its performance based on clear and relevant objectives. The Chair leads the evaluation of the performance of the Board annually. This process offers Directors an opportunity to discuss their contribution in terms of their skills and experience, as well as identifying areas for improvement or development to enhance the capabilities of the Board as a whole.

In last year's Annual Report, we set out the feedback received following the 2023 review, which focused on four key areas including Board planning and dynamics, focus on strategic performance, Committee remit and Board engagement. During the year, the following progress was made:

- › Improvements to ensure alignment of reporting with more focus on key strategic initiatives and key risks with more concise operational updates.
- › The skills and experience represented on the Board expanded with the addition of four new Directors during the year, increasing its size to nine members, which further promotes healthy discussion and challenge.

- › The Nomination Committee prioritised its focus on succession plans, dealing with both long- and short-term needs as required.
- › The Board was more proactive when engaging with shareholders, working with the Head of IR and advisers to create shareholder communication and an IR plan. The SID also took a leading role in promoting good relations with the Company's shareholders.

Due to the recent changes in membership on the Board, it was felt that the 2024 evaluation should be delayed until 2025 in order to ensure that the newly constituted Board has a full 12 months working together. This ensures that there is a meaningful evaluation of the new working environment, abilities on the Board and general performance in an informed manner.



## NOMINATION COMMITTEE REPORT

# Nomination Committee



Our succession plans remain focused on both Executives and Non-Executives, ensuring we retain a diverse leadership with the right skills, capabilities and experience to support our strategy and the future development of the Company”.

**Camillo Pane**

Nomination Committee Chair



COMMITTEE  
MEETINGS

4

COMMITTEE  
MEMBERS

6

**Camillo Pane** (Chair)

Eva-Lotta Sjöstedt

Kristof Neiryck

Martin Sutherland

Richard Jones

Richard McKenzie

## CHAIR'S STATEMENT

As newly appointed Chair, I am pleased to introduce the report of the Nomination Committee (“the Committee”) which sets out the Committee’s responsibilities and its activities during the last year.

The Committee continues to focus on success planning, reviewing skills, capabilities and experience needed to support the strategy and future direction of Alliance as a leading Consumer Healthcare business. This process included reviewing Board balance and Committee composition, diversity of skills and experience, terms of existing appointments and independence, as well as a review of Directors’ time commitments.

To further strengthen the existing skills and experience on the Board, we were pleased to announce the appointments of Martin Sutherland, Jeyan Heper, Eva-Lotta Sjöstedt and Richard McKenzie during the year. I was delighted to be welcomed to the Board of Alliance on 19 February 2024 and in May was pleased to welcome Nick Sedgwick as CEO on the Board. You can read about our collective experience in our biographies on pages 60 to 62 and skills matrix on page 71.

Should investors wish to discuss any aspects of the work of the Committee, I will be available to answer questions at this year’s AGM.

**Camillo Pane**

Nomination Committee Chair

18 June 2024



## NOMINATION COMMITTEE REPORT

## SKILLS AND EXPERIENCE MATRIX

DIRECTOR	ROLE	GENDER	FINANCE	CONSUMER HEALTHCARE	PHARMA	INTERNATIONAL GROWTH	ECOMMERCE	FINANCIAL MARKETS*
Camillo Pane	Chair	M		■		■	■	
Peter Butterfield <sup>1</sup>	CEO	M		■	■	■	■	■
Nick Sedgwick <sup>1</sup>	CEO	M		■		■	■	
Andrew Franklin	CFO	M	■	■	■	■		■
Kristof Neirynek	INED	M		■		■	■	
Richard Jones	INED	M	■		■	■		■
Jeyan Heper	COO	M		■		■	■	
Martin Sutherland	INED	M				■	■	■
Richard McKenzie	INED	M				■	■	
Eva-Lotta Sjöstedt	INED	F				■	■	

\* UK and overseas financial markets experience.

<sup>1</sup> Peter Butterfield stepped down as CEO of the Company on 13 May 2024 and will resign from the Board on the 30 June 2024. Nick Sedgwick was appointed a Director and CEO of the Company on 13 May 2024.

## The role of the Committee

The Committee's primary roles are to carry out a selection process for the appointment and reappointment of all Directors to the Board, and to review the structure, size, and composition of the Board (including in terms of skills, knowledge, experience, and diversity). The Committee also reviews the leadership needs of the organisation and monitors succession planning for both Board and senior Executive roles.

The framework of duties is set out in its Terms of Reference, which are available on the Company's website. Each year, the Committee reviews its own performance and compliance with its Terms of Reference and, having done so for 2023, the Committee is happy that the Terms of Reference remain appropriate.

## Membership and meeting attendance

Appointments to the Committee are made by the Board. During the year, the Committee comprised six Independent Non-Executive Directors who have the right to attend meetings. Martin Sutherland joined the Committee in February 2023. Richard McKenzie and Eva-Lotta Sjöstedt joined the Committee in November 2023. On 22 March 2024, I was appointed as a member and Chair of the Nomination Committee. Where appropriate, the Chief People Officer and the CEO are invited to attend certain meetings of the Committee to support with discussions around succession planning and recruitment processes. Members of the Committee have access to the Company Secretary, who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information.

The Chair of the Committee reports to the Board on its proceedings after each meeting, on all matters within its duties and responsibilities, and will make any recommendations to the Board it deems appropriate.

During the year, the Committee held a total of four meetings: two scheduled and two unscheduled. Members who are not able to attend unscheduled meetings offer their apologies and provide feedback to the Chair of the Committee in advance of meetings. The two unscheduled meetings were held to deal with the appointment of two new Non-Executive Directors to the Board.

Member	Status	Attendance
Camillo Pane <sup>1</sup>	Independent	–
Jo LeCouilliard <sup>2</sup>	Independent	4/4
David Cook <sup>3</sup>	Independent	2/2
Richard Jones	Independent	4/4
Richard McKenzie <sup>4</sup>	Independent	–
Kristof Neirynek	Independent	4/4
Eva-Lotta Sjöstedt <sup>4</sup>	Independent	–
Martin Sutherland <sup>5</sup>	Independent	3/3

<sup>1</sup> Camillo Pane was appointed Chair of the Committee on 22 March 2024.

<sup>2</sup> Jo LeCouilliard resigned from the Board on 19 February 2024.

<sup>3</sup> David Cook stepped down from the Board on 25 May 2023.

<sup>4</sup> Richard McKenzie and Eva-Lotta Sjöstedt were appointed to the Committee on 21 November 2023.

<sup>5</sup> Martin Sutherland was appointed to the Committee on 10 February 2023.



## NOMINATION COMMITTEE REPORT CONTINUED

**Board gender diversity**

Whilst certain diversity targets are not directly imposed on AIM companies, the Committee continues to monitor guidance and best practice in the market around the areas of gender and ethnicity, in particular the percentage targets set for FTSE main market listed companies. The Company's Diversity, Equality and Inclusion Policy can be found on the Company's website.

The Committee is aware of, and has discussed the benefits of diversity on the Board and at senior management level as part of the review of succession planning and any Director appointment process. It remains committed to considering diversity when discussing appointments and succession plans. The Company and the Board always seek to search for, recruit and appoint the best available person based on aptitude and ability, regardless of gender, marital or civil partnership status, race, colour, nationality, ethnic or national origins, pregnancy, disability, age, sexual orientation, religion, or belief. The Committee discussed a range of areas such as diversity of thought, experience, gender, ethnicity, skills, nationality, and specific skills identified to strengthen and develop the knowledge base on the Board.

The Board keeps female representation on the Board under review and ensures that focus is maintained at all stages of the Board recruitment process. The Company engages and works with specialist recruitment consultants to help identify talent and search for potential candidates that meet our objective criteria.

**Board appointments and succession planning**

The Committee works closely with the Board and, with the support of the Chief People Officer, develops strategies in support of progressive and orderly succession planning for Board and senior management. Planning includes consideration of the challenges and opportunities facing the Company and careful evaluation of the skills and experience needed on the Board in the future. When developing these plans, the Directors are mindful of the need for a more diverse Executive pipeline to help increase diversity levels in senior positions.

Page 97 in the Remuneration Committee Report sets out the term of appointment for each Director.

**Board appointments and induction**

Whether as part of formal succession planning or to fill any Board vacancy that should arise, the Committee leads the process for the appointment of Directors. The Chair of the Board does not chair the Committee when it is dealing with the appointment of their successor. Any appointment process follows a careful assessment of skills, knowledge, experience and diversity on the Board to identify capabilities that would enhance the Board and support the long-term strategy of the Group. The Chief People Officer prepares a role description and outlines the capabilities required for the appointment. The services of an external recruitment agency are engaged to facilitate the search with instructions to consider candidates from a wide range of backgrounds. Potential candidates are also considered on merit and against objective criteria with due regard to the benefits of diversity, including gender, and time available to devote to the position. Potential candidates are required to disclose business interests that may result in a conflict of interest.

From a shortlist of suitable candidates, interviews are held with the Chair of the Board, CEO and Chief People Officer at the first stage, with interviews with other Board members at the next stage. The Committee then recommends appointments to the full Board for their formal approval. New appointments are proposed to shareholders for approval at the next AGM following the first date of appointment. On appointment, all Directors receive a personally-tailored induction. This includes meetings with members of the Board, members of the SLT, the Group General Counsel and Company Secretary, and presentations from key functions in the business. They are provided with an overview of the Group's structure, operations and governance policies and receive copies of past Board minutes and reports via the electronic Board portal. In addition, the portal holds other key corporate documents and information, for example, Matters Reserved for the Board, Committee Terms of Reference, the Company's Articles of Association and the Directors' and Officers' liability insurance arrangements.

**Annual re-election of Directors at AGM**

In accordance with the Company's Articles of Association, all Directors are subject to election or re-election by shareholders at the AGM. In line with good practice, the Committee recommended to the Board that all Directors eligible for re-election put themselves forward for re-election on an annual basis at the Company's AGM.





## NOMINATION COMMITTEE REPORT CONTINUED

## ACTIVITIES OF THE COMMITTEE

The duties and activities of the Committee included:

Duties	Activities of the Committee
<p>Review the structure, size, membership, and composition of the Board, including the independence of Directors, diversity, skills, knowledge, experience, and time commitments at least annually and prior to commencing any appointment process</p>	<ul style="list-style-type: none"> <li>› The Committee considers there to be an appropriate balance between Executive and Non-Executive Directors on the Board.</li> <li>› Having considered the guidelines on independence, Camillo Pane was appointed Chair of the Board with effect from the 19 February 2024 and continues to be regarded by the Board as independent, alongside Richard Jones, Richard McKenzie, Kristof Neiryck, Eva-Lotta Sjöstedt and Martin Sutherland.</li> <li>› The Chair and Non-Executive Directors hold appointments as Directors and/or senior management on a small number of other Companies, as detailed in their biographies on pages 60 to 62. The Committee, having reviewed the position as part of its annual processes, considers that the Chair and Non-Executive Directors are not over-boarded and can allocate sufficient time and commitment to fulfil their duties to the Company.</li> <li>› Prior to the search and recruitment process for new Directors, the Committee reviewed the skills, capabilities, diversity, and experience on the Board and concluded to specifically seek out skills and experience in overseas territories and a listed environment.</li> <li>› During 2024, the Committee worked to support the orderly succession for the role of CEO and was pleased to recommend that Nick Sedgwick be appointed to the Board as CEO with effect from 13 May 2024.</li> </ul>
<p>Consider succession plans for Directors and other senior Executives</p>	<ul style="list-style-type: none"> <li>› Succession plans in relation to the Chief Executive Officer and other members of the Senior Leadership Team were reviewed.</li> </ul>
<p>Nominate and recommend candidates to fill Board vacancies and make recommendations to the Board on matters such as Committee membership, reappointment, and re-election of Directors</p>	<ul style="list-style-type: none"> <li>› Following a thorough review of the performance and contributions of certain individuals within our organisation, the Nomination Committee recommended the extension of the term of appointments for Richard Jones. The Committee believes that the extension of his term aligns with the long-term goals and strategic objectives of the Company. In accordance with our organisation's commitment to transparency and ethical governance, Richard Jones voluntarily recused himself from the Nomination Committee's discussions and decision-making process when his appointment was under consideration. This recusal was a proactive measure to ensure the utmost integrity and impartiality in the process.</li> <li>› Recommended the appointments of new Independent Non-Executive Directors, Martin Sutherland, Richard McKenzie, Eva-Lotta Sjöstedt and Camillo Pane to the Board.</li> </ul>
<p>Review the need for a Senior Independent Director ("SID")</p>	<ul style="list-style-type: none"> <li>› Each year, the Nomination Committee considers whether it is appropriate to have a SID to act as a sounding board and intermediary for the Chair or other Board members.</li> <li>› The key responsibilities of the SID also include leading the performance evaluation of the Chair or the search for a new Chair.</li> <li>› The Committee considered it appropriate to appoint a SID. The Committee reviewed and considered the Director's skills and experience matrix and the balance of independence.</li> <li>› Richard Jones was appointed SID with effect from 1 February 2023.</li> </ul>



## NOMINATION COMMITTEE REPORT CONTINUED

## ACTIVITIES OF THE COMMITTEE CONTINUED

Duties	Activities of the Committee
Review the outcomes of the Board evaluation insofar as these relate to composition and time commitment of Directors	<ul style="list-style-type: none"> <li>› The Committee reviewed the outcomes from the annual evaluation of the Board insofar as these relate both to composition and time commitment from Non-Executive Directors. The Committee keeps under review the Board's composition to ensure it provides a sufficiently wide range of skills and experience to enable it to pursue its strategic goals and to address anticipated issues in the foreseeable future. This process includes reviewing the mix of skills, sector experience and financial, public markets and international experience.</li> <li>› The Committee also reviewed the merits of conducting an external Board Effectiveness review.</li> </ul>
Recommend annual re-election of Directors at AGM	<ul style="list-style-type: none"> <li>› The Committee reviewed and recommended to the Board that six Directors, being eligible, put themselves forward for re-election at the 2024 AGM and that Richard McKenzie, Eva-Lotta Sjöstedt and Camillo Pane be proposed for election following their first appointment to the Board.</li> </ul>



## SPOTLIGHT FEATURE...



# Q&A with...

**Richard McKenzie**

Independent Non-Executive Director

**Martin Sutherland**

Independent Non-Executive Director

**Eva-Lotta Sjöstedt**

Independent Non-Executive Director

**Q: What first attracted you to the Board of Alliance?**

**Richard McKenzie:** I was hugely attracted to the highly international nature of Alliance's business, and the potential to further grow the great portfolio of products that it has built.

**Martin Sutherland:** As I transitioned from Executive to Non-Executive roles, I was keen to do two things: 1) work with businesses in situations where there is clearly scope for growth, diversification and ultimately value creation but also, 2) work with interesting people. Alliance ticks both these boxes. The business has a strong track record of growth over many years but finds itself at an interesting point in its evolution. Our product portfolio, market position and geographic focus all give us opportunities to significantly grow the business in the coming years. And the people, the Executive team and the Board are clearly focused on doing just that.

**Eva-Lotta Sjöstedt:** The purpose statement of the Company, its international reach and outlook, as well as its desire to continue to grow in the Consumer Health and wellbeing markets.

**Q: Given your background and experience, where do you think you will add most value to the Company?**

**Richard McKenzie:** Having lived and worked in China and Asia for 10 years, I have seen both the huge opportunity that China (and Asia, more broadly) can offer to consumer goods companies, as well as some of the pitfalls that they face. I hope that I can work with Alliance's talented teams that look after Asia to help create even more success for the Asian business in the future.

**Martin Sutherland:** In my Executive career, I helped shape and then implement strategies to grow and diversify businesses through market diversification, product innovation and geographic expansion. All these elements form part of

the Alliance strategy moving forward. The Companies I have led have grown organically, but also used M&A to accelerate strategic objectives. Finally, I have extensive international experience, doing business in the Americas, Europe, Middle East, Southeast Asia and China - all territories relevant to Alliance Pharma's ambitions.

**Eva-Lotta Sjöstedt:** Being a CEO and having worked internationally, I am able to provide a rounded perspective to support building and achieving the strategy. I am passionate about the environment, social impact, and good governance. I am looking forward to bringing my ESG experience to the ESG Committee of Alliance.

**Q: What are your first impressions of Alliance thus far?**

**Richard McKenzie:** The first thing that struck me is the real quality of the products that Alliance produces, and how they offer real benefits to the end consumer. It feels good to be involved with a Company that is making a positive difference.



## SPOTLIGHT FEATURE CONTINUED

**Martin Sutherland:** The most striking impression is from the people and the culture they create. Alliance has a strong culture. Everyone you meet is clearly passionate about the business, proud of its heritage and historical achievements and ambitious for the future.

**Eva-Lotta Sjöstedt:** I am impressed with Alliance's strong legacy of growth and international outlook. This is crucial at a time where health and wellbeing is becoming increasingly important for many people. This all adds to Alliance's strong sense of purpose.

### Q: What was your experience of the onboarding process?

**Richard McKenzie:** The Alliance team has been very welcoming and generous with its time in helping me get up to speed and understand the business. I have enjoyed spending time with all the team and seeing what makes the business tick.

**Martin Sutherland:** The onboarding process was very thorough. When you join a new Board, especially in a new sector, there is a lot to learn and a lot of information to assimilate. I wanted to be able to contribute as quickly as possible, so it was excellent being introduced to all the key Executives and other Board members in short order and being given access to historical documents and talked through key decisions that the Company had made in recent history.

**Eva-Lotta Sjöstedt:** The onboarding process was very personable followed by an induction to the business that demonstrated professionalism, and an in-depth knowledge of the business, its people and culture. This all helped equip me for my role as an NED on the Alliance Board.

### Q: What excites you about the year ahead?

**Richard McKenzie:** There is a lot to be excited by at Alliance and I hope 2024 will bring more growth in the star brands. I am particularly excited to see the new innovative products in these brands come to market this year.

**Martin Sutherland:** We are at an interesting point in our evolution as a business. We have a clear strategy for growth and can see how this will create shareholder value. In the next year, we need to focus on execution of the first steps of that strategy. It is a year of consolidating our position in key markets for our key brands, Kelo-Cote™, Nizoral™ and Amberen™ to name just three. We need to focus on aligning resources behind these key Consumer Healthcare brands, getting our go-to-market approach and distribution channels working effectively, whilst also making sure that our Prescription Medicines business maintains its strong market position.

**Eva-Lotta Sjöstedt:** Being a positive person, I hope that the world economy has a slightly better outlook than in recent years and that this helps propel plans to grow our products in relevant markets and segments promoting our strong value proposition.

### Q: Where do you see Alliance in 5 years' time?

**Richard McKenzie:** I see Alliance as a leading, innovative, and global Consumer Healthcare business, which has fully taken advantage of the digital channel shift we are in the middle of now.

**Martin Sutherland:** The business will be substantially bigger than it is today, through strong organic growth and discerning acquisitions. We will have a greater focus on Consumer Healthcare, our products will have become household names in our chosen geographies and we will have a stronger presence in North America and China.

**Eva-Lotta Sjöstedt:** There is no crystal ball, but I would like to see an Alliance that has grown strong brands in our target market segments demonstrating our ability to focus on our objectives in health and wellbeing.



## AUDIT AND RISK COMMITTEE REPORT

# Audit and Risk Committee



The Committee is focused on improving the quality and effectiveness of internal controls building on the work already undertaken during the extended recent audit process."

**Richard Jones**

Audit and Risk Committee Chair



COMMITTEE  
MEETINGS

6\*

COMMITTEE  
MEMBERS

2

**Richard Jones** (Chair)  
Martin Sutherland

\*held in calendar 2023

## CHAIR'S STATEMENT

On behalf of the Audit and Risk Committee ("the Committee"), I am pleased to introduce this year's Audit and Risk Committee Report. As a Company admitted to trading on AIM, we are guided by the QCA's Audit Committee Guide and, when appropriate to do so, look to investor guidelines for best practice.

This report is intended to provide shareholders with information about the Committee's responsibilities and report on the activities of the Committee during the year and our approach to overseeing further improvements to our internal controls.

As you will have seen from recent announcements to the market, this year's audit process has not been without its challenges from which we have learned valuable lessons. We provide a full explanation below but I, on behalf of the Committee and the wider Board, want to assure shareholders that we have engaged actively, and collaboratively, with management and our auditors throughout the audit process to ensure a successful conclusion to the audit and the accurate reporting of the 2023 results in as timely a manner as possible in the circumstances. I want to reassure shareholders that the delay in the audit, whilst unsatisfactory, has allowed time for a thorough review of our processes and more detailed work, specifically in respect of impairments and this additional work, which the Committee has had regular and detailed oversight of, has enabled the Committee to conclude that the FY2023 financial statements are not materially misstated. Regular meetings were held by the Committee in the first half of 2024 to discuss the audit process and the technical accounting matters that have arisen, particularly in respect of impairments. The Committee would like to thank Deloitte for their diligent and positive approach to the audit.

As noted in Deloitte's audit report, there is much still to do, and the Committee is now conducting a comprehensive review, particularly in respect of the weaknesses identified in our internal control environment regarding in particular impairment reviews, balance sheet reconciliations and IT environment. Management, assisted by external advisors, will create a detailed action plan to address any issues, and to ensure sufficient controls are in place to conclude that the 2024 financial statements contain no material errors. The Committee has also initiated the creation of an internal audit function, which will report to the Audit Chair and to be in place by the end of 2024 in order to support management in the delivery of this plan.

## CHAIR'S STATEMENT CONTINUED

In terms of the composition of the Committee, Martin Sutherland was welcomed to the Committee on 10 February 2023 and David Cook stepped down following



## AUDIT AND RISK COMMITTEE REPORT CONTINUED

his resignation from the Board in May 2023. Following the appointment of Camillo Pane as Chair of the Board in February 2024, the Board are discussing further changes to the Committee which are intended to be completed during 2024.

**FY2023 audit and impairment.**

As noted above, during the early stages of the audit process, following challenges from our auditors, it became clear that our processes and controls, including balance sheet reconciliations, the IT environment and, in particular our processes for reviewing impairments, were not effective. This resulted in a number of misstatements some of which required correction. The Committee therefore asked management, assisted by external advisors, to undertake a thorough review of the testing for impairments of its intangible assets which led to a consequential delay in the reporting of the Company's 2023 financial results, a material impairment in FY2023 and also a prior year adjustment in respect of impairments, as follows:

- › total restatements in respect of FY2022 of £28.3m of which £20.0m related to a restatement of the impairment reported for Amberen™ for which further explanation is included in note 2.20 to the financial statements on page 128.

- › total impairment charges for FY2023 of £79.3m including a further impairment to Amberen of £46.4m, Nizoral £10.3m and to a number of our other pharma and consumer brands. Further explanation is provided in note 11 on page 138.

Whilst the Committee is focussing on improving processes and controls for FY2024, management engaged external expertise to support and challenge the financial team and their work, testing the impairment modelling in respect of FY2022 and FY2023. The Committee met regularly to review the outcome of not only this work but also wider financial reporting, has enabled the Committee to conclude that the FY2023 financial statements are not materially misstated.

**Richard Jones**

Audit and Risk Committee Chair  
18 June 2024

**The role of the Committee**

The Committee assists the Board with monitoring and reviewing the Company's financial results and other reporting and has oversight of the effectiveness of risk management and systems of internal control. Its role is to provide confidence to shareholders on the integrity of our reported financial results and provide challenge to the external auditors and senior management.

The framework of duties is set out in its Terms of Reference, which are available on the Company's website. Each year, the Committee reviews its own performance and its Terms of Reference.

**Duties of the Committee**

The duties of the Committee include:

- › reviewing the management and reporting of financial matters, including key accounting policies;
- › reviewing the Annual Report and Accounts and advising the Board on whether, when taken as a whole, it is fair, balanced, and understandable and provides shareholders with the information necessary to assess the Company's performance, business model and strategy;
- › considering the appointment of external auditors and the frequency of re-tendering and rotation of the audit;
- › overseeing the relationship with, and the independence and objectivity of, the external auditors; setting policy in relation to the use of the external auditors for non-audit services;
- › advising the Board on the Company's appetite for, and tolerance of, risk and the strategy in relation to risk management and reviewing any non-conformances with these;



## AUDIT AND RISK COMMITTEE REPORT CONTINUED

- › reviewing the Company's risk management and internal control systems and their effectiveness; and
- › reviewing the Company's procedures for detecting fraud, bribery and corruption and ensuring arrangements are adequate for employees to raise concerns.

Members of the Committee have access to the Company Secretary, who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chair of the Committee works closely with the CFO and the Finance department to ensure papers for meetings are comprehensive and comprehensible. When appropriate to do so, the Committee seeks the support of external advisers and consultants.

The Committee reports to the Board which includes reporting on any matters where it considers action or improvement is needed, including recommendation of remedial actions. The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters, including any reporting issues and on estimates and judgements made in the preparation of financial statements.

## MEMBERSHIP AND MEETING

### Attendance

During the year, the Committee held a total of six meetings: four scheduled and two unscheduled meetings, reporting on its activities to the Board. Members who are not able to attend unscheduled meetings offer their apologies and provide feedback to the Chair of the Committee in advance of meetings. Directors who, during the year, were unable to attend meetings, provided comments and feedback on business to the Chair of the Committee.

The Committee comprised a maximum of four Independent Non-Executive Directors during 2023, and have the right to attend meetings.

Member	Status	Attendance
Richard Jones	Independent	6/6
Martin Sutherland <sup>1</sup>	Independent	6/6
David Cook <sup>2</sup>	Independent	3/3
Jo LeCouilliard <sup>3</sup>	Independent	4/6

<sup>1</sup> Martin Sutherland was appointed to the Committee on 10 February 2023.

<sup>2</sup> David Cook stepped down from the Board on 25 May 2023.

<sup>3</sup> Jo LeCouilliard resigned from the Board on 19 February 2024.

### Committee membership and attendance

Appointments to the Committee are made by the Board following any recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. During 2023, with two Non-Executive Directors having an accountancy qualification, the Committee has a mix of knowledge and skills gained through their experience of business, management practices including risk, industry and sector, and their recent and relevant financial experience. They have a direct relationship with the external auditor and review internal controls and financial reporting matters.

The CEO, CFO, Group Head of Finance and Group Financial Controller are invited to attend all meetings, while other senior financial managers attend as appropriate.

The external auditor also attends the meetings to discuss the planning and conclusions of their work and meets with the members of the Audit and Risk Committee without any members of the Executive team present after each meeting. The Audit and Risk Committee can call for information from management and consults with the external auditor directly if required.



## AUDIT AND RISK COMMITTEE REPORT CONTINUED

## ACTIVITIES OF THE COMMITTEE

Areas of focus	Key duties and responsibilities	Activities of the Committee
<b>Financial statements and narrative reporting</b>	The content and integrity of financial statements and any formal announcements relating to financial performance, including review of the significant financial reporting judgements contained therein	<ul style="list-style-type: none"> <li>Review of the financial statements and narrative reporting in the Annual Report and Accounts for 2022 and 2023 with reference to the reports being fair, balanced and understandable. This included a review of the appropriateness of the disclosures considering requirements and guidance under IFRS, the AIM Rules for Companies, requirements under the Companies Act 2006, FRC guidance and the QCA Corporate Governance Code 2018.</li> <li>Review of the preliminary results for the financial year ended 31 December 2022 and 2023.</li> <li>Review of the unaudited half-year results to 30 June 2023.</li> <li>Consideration of reports from the external auditor in respect of the Annual Report and Accounts from 1 January 2023 to the date of this report.</li> </ul>
<b>Going concern</b>	Matters that have informed the Board's assessment of whether the Company is a going concern	<ul style="list-style-type: none"> <li>Review of the going concern including methodology, assessment in support of the going concern assumption which included consideration of downside scenarios, concluding the expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.</li> </ul>
<b>Accounting policies and standards</b>	Key accounting estimates and judgements	<ul style="list-style-type: none"> <li>In respect of the preparation of the financial statements for the year ended 31 December 2022 and 2023, the Committee reviewed key accounting judgements and estimates including a review of the Group's weighted average cost of capital ("WACC").</li> <li>Review of the outcome of an Audit Quality inspection on Deloitte.</li> <li>Review of intangible assets, including consideration of impairment of assets under IAS 36. This included the oversight of the adoption of a new intangible asset impairment process for the review of all of the company intangible assets and included a review of the prior year.</li> <li>Specific review of the impairment of Amberen, with regard to the findings of the Audit Quality inspection. This included challenges to management on the key assumptions used in the valuation model, including marketing reinvestment rate, discount rate and revenue growth rates, and the prior year restatement.</li> <li>Review of Alternative Performance Measures.</li> <li>Continued review and assessment under IFRS 15 and the revenue recognition in relation to a major cross-border ecommerce distribution agreement.</li> </ul>
<b>Risk management and internal controls</b>	Financial and other internal controls and risk management systems, including the Group's Principal Risks and Uncertainties	<ul style="list-style-type: none"> <li>Response to challenges raised during the 2023 audit process relating to the effectiveness of the internal control environment and control weaknesses in impairment reviews, balance sheet reconciliation and IT environment.</li> <li>Review of the Group's risk management and Group risk register.</li> <li>Review of the Principal Risks and Uncertainties reported in the Annual Report and Accounts 2022 and 2023.</li> </ul>
	Regulatory and compliance risk	<ul style="list-style-type: none"> <li>Review of the Company's Speak Up Policy setting out the Company's whistleblowing arrangements and procedures.</li> <li>Review of the non-audit fee policy.</li> </ul>





## AUDIT AND RISK COMMITTEE REPORT CONTINUED

## ACTIVITIES OF THE COMMITTEE CONTINUED

Areas of focus	Key duties and responsibilities	Activities of the Committee
Review of external auditor	The policy to control engagement of the external auditor to supply non-audit services	<ul style="list-style-type: none"> <li>› Review of the scope and strategy for the 2023 external audit.</li> <li>› Review of the external auditor's performance, independence, and objectivity; meetings with the external auditor without management to consider any potential areas of concern.</li> <li>› Review and consideration of the external auditor's findings and recommendations and management's response from the audit of the years ended 31 December 2022 and 2023.</li> </ul>
	External auditor's independence and objectivity and the effectiveness of the audit process	<ul style="list-style-type: none"> <li>› Meetings with the external auditor without management to consider any potential areas of concern</li> <li>› Review and consideration of the external auditor's findings; and recommendations and response from the audit for the years ended 31 December 2022 and 2023.</li> </ul>
Terms of Reference	Reporting to the Board on how the Committee has discharged its responsibilities	<ul style="list-style-type: none"> <li>› The Committee reviewed its own Terms of Reference, which are satisfactory. The Committee and Board were satisfied that the Committee and its members continue to operate effectively individually and collectively and had discharged all the duties within its remit.</li> </ul>

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has primary responsibility for the Group's overall approach to risk management and systems of internal control and has delegated its oversight to the Committee. At least once a year, the Board also reviews risk management. Those risks the Board is not prepared to take are either avoided or, as far as possible, mitigated and/or transferred to insurers.

The responsibilities surrounding risk management and internal control systems are designed to meet the needs of the size and complexity of the business. It considers the applicable requirements of pharmaceutical regulators in the various markets in which the business operates, as well as the legal requirements of being a UK Company admitted to AIM. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material loss or misstatement.

The key components of the current systems of internal controls are:

- › Clearly communicating Alliance's values and strategy to ensure these are understood and people know what is expected.
- › Developing business and financial plans that support the strategy.
- › Reviewing policies and procedures to ensure these remain fit for purpose.
- › Strengthening controls through enterprise resource planning.
- › Regular reporting of actual performance relative to goals, budgets and forecasts.
- › Ensuring there is a structure of accountability.
- › Training and monitoring.

The identification of a prior year asset impairment adjustment in December 2022 (described in note 2.20), and significant control weaknesses in impairment reviews, balance sheet reconciliations and the IT environment identified during the audit which resulted in a number of misstatements identified

and addressed but raised a challenge as to the effectiveness of the internal control environment throughout the period under review.

The Committee have therefore instigated a comprehensive review led by the CFO and overseen by the Committee of people, processes and controls with improvements due to be implemented during 2024 assisted by the newly established internal audit function and where required assisted by external accounting and technical advisors.

For each key financial and non-financial control area, workshops will be held with the process owners to: develop a framework of expected controls to address risks to the business; assess the current operating effectiveness of controls; agree and manage and action plan of remediating control failures and implement further controls identified as part of the framework and to embed a new framework into the business with a system of monitoring progress established.

The actions will be scheduled for completion by the end



## AUDIT AND RISK COMMITTEE REPORT CONTINUED

of December 2024. Where there are potential gaps in the effectiveness of the controls during the year, a review of the potential impact on the financial statements will be undertaken and other compensatory controls identified to provide confidence that there is no material risk of error.

### Speak Up Policy

The Company has a Speak Up Policy and procedures to help with the detection and prevention of fraud. Reviewed annually, the Policy was updated during the year and published internally and on the Company's website. It provides all employees with access to a confidential helpline where they can raise concerns about potential and perceived improprieties. Provided it is appropriate to do so, the process is managed by the Company Secretary in conjunction with Human Resources. The outcomes of any investigations carried out in accordance with the policy are reported to the Committee.

### INTERNAL AUDIT FUNCTION

The Committee has accelerated plans for the establishment of an internal audit function to strengthen our internal audit capabilities following feedback from our auditors during the FY 2023 audit and taking into account the size and scale of the business as well as the future strategic plans. Reporting directly to the Chair of the Committee, the role will ensure that the risk management and controls are tested with outcomes, findings and recommendations reported to the Committee and is expected to be established later in 2024.

### EXTERNAL AUDITOR

#### Audit process

Each year, the Committee assesses the proposed audit plan for the external auditor's review of the Company's full-year financial statements. This plan sets out the scope of the audit, areas of significant risk of material misstatement, timetable, and fees. Deloitte formally presented their findings to the Committee but throughout the auditing process there is regular dialogue and engagement with management with any

significant matters or risks being communicated.

Prior to the Board's approval of the Annual Report and Accounts, the Committee reviews with the auditor the representations set out in the management representation letter and reports to the Board. The auditor presents the Board with a management representation letter which the Committee will have reviewed and discussed with the auditor as part of its year-end meetings.

#### Audit Quality Review

The FRC's Audit Quality Review team ("AQRT") selected Deloitte's audit of the Company's 2022 financial statements for review, as part of its annual programme of promoting improvement in the overall quality of auditing in the UK.

The Committee discussed the AQRT's findings and the Chair of the Committee discussed the Financial Reporting Council's ("FRC") report with both Deloitte and the FRC. The review focused on the auditor's work on (i) The Amberen valuation and impairment review (ii) Recoverability of Trade receivables (iii) Revenue recognition (iv) Journals and (v) first year audit and opening balances. The review identified that the external audit procedures relating to the audit of impairment required significant improvement.

The Committee discussed with Deloitte their 2022 audit process and the errors identified in management's valuation model, together with key assumptions relating specifically to Ambergen. When correcting for these valuation model errors and updates to assumptions, a restatement of the impairment charge for Ambergen for the year ended 31 December 2022 results was required. Note 2.20 (page 128) to the financial statements provides further information. The Committee was satisfied with the actions taken by Deloitte to respond to the AQRT's findings and was content that the matters raised do not give it concerns over the future quality, objectivity or independence of the audit.

### Process and control improvements

Deficiencies in process and controls surrounding the intangible brand asset impairment review were identified by Deloitte as part of its FY23 audit. In response to their observations, management has implemented significant improvements, as follows:

- › Engaged external consultants to provide technical oversight of changes to our accounting processes for impairment testing.
- › Reviewed and segregated the intangible asset portfolio into different categories depending on the type of asset.
- › Enhanced the impairment model, linking to risk management, for each brand category identified in the review and segregation exercise.
- › Challenged and tailored the checklist of assumptions for each intangible brand asset category including key assumptions, estimates and judgements and other relevant information relevant to the process.

In response to the other deficiencies in process and controls identified as part of the FY23 audit, management has planned a comprehensive review of all controls which will be completed during 2024.

### Effectiveness and independence of the external auditor

The Committee is responsible for agreeing the terms of engagement with the Company's external auditor. The objectivity and independence of the external auditor is safeguarded by reviewing the auditor's formal declarations, monitoring relationships between key audit staff and the Company, and tracking the level of non-audit fees payable to the external auditor. The Committee annually reviews the scope and fees for the annual audit of the Company.

### Reappointment of the external auditor

Deloitte took up office as the Company's external auditor in 2022. The auditor's reappointment requires the approval of shareholders at the AGM and accordingly, the Committee recommended that a resolution be proposed for their appointment at the 2024 AGM.



## ESG COMMITTEE REPORT

# ESG Committee Report



Prioritising ESG means we can continue to run our business in a responsible way, striving to make a positive contribution to our people, planet and products.”

**Kristof Neiryndck**  
ESG Committee Chair



COMMITTEE  
MEETINGS

4

COMMITTEE  
MEMBERS

2

**Kristof Neiryndck** (Chair)  
Eva-Lotta Sjöstedt

## CHAIR'S STATEMENT

As Chair of the ESG Committee, it gives me great pleasure to introduce my first report from the ESG Committee (“the Committee”).

Alliance has continued to prioritise sustainability and responsible business practices. Throughout the year, we have pursued initiatives aimed at minimising our environmental footprint, fostering positive social impact, and upholding the highest standards of corporate governance. The Committee continues to believe that, by operating our business in a responsible way, we can minimise our negative impacts and maximise our positive contribution while promoting the sustainability of our business for the longer term.

In alignment with our ESG objectives, we have implemented innovative sustainability measures across our operations, reducing carbon emissions, conserving resources, and promoting eco-friendly practices. We continued to work towards our target of achieving net zero Scope 1 and 2 emissions by 2030 and have now set a Scope 3 emissions target of net zero by 2044 (see pages 40 and 41). We are on track to meet our interim target of 65% reduction in Scope 1 and 2 emissions by 2025 (versus 2018 baseline).

We have a strong focus on ethics and compliance, and we have introduced an anti-slavery strategy to address human rights in our supply chain. We also support the communities in which we operate by raising money and volunteering for local charities and social enterprises. We encourage every colleague to take a day of paid leave to volunteer for a charity of their choosing. Furthermore, our robust governance framework ensures transparency, accountability, and ethical decision-making, safeguarding the interests of our shareholders and stakeholders alike.



## ESG COMMITTEE REPORT CONTINUED

Our commitment to sustainable practices is reflected in comprehensive strategies and we plan to introduce measurable Key Performance Indicators (“KPIs”) in 2024. Once identified, we intend to make a recommendation to the Remuneration Committee linking appropriate KPIs to Executive performance criteria. As we embark on this transformative path, we recognise the importance of continuous improvement and collaboration. Together, we are committed to building a sustainable future that not only adds value to our business but also contributes positively to the world around us.

The following pages set out the Committee’s responsibilities and activities the Committee discussed during the year. Additional information is also provided in our Sustainability section of this report on pages 28 and 29 and in the Sustainability section and Online Sustainability Report on the Company’s website.

I would like to thank those shareholders who continue to work with us to help us better understand responsible investing.

**Kristof Neiryck**  
ESG Committee Chair  
18 June 2024

### The role of the Committee

The ESG Committee’s primary role is to review the overarching ESG vision for the Company, including climate change, and ensure that the priorities are anchored as an integral part of the Company’s overall strategy attracting the right level of resource and investment.

### Duties of the Committee

During the year, the Committee reviewed its duties and responsibilities under its Terms of Reference.

The duties of the Committee include:

- › To recommend the overarching ESG vision to the Board and ensure that ESG priorities are anchored at the top of the Company.
- › To ensure ESG priorities are an integral part of the Company’s overall strategy.
- › To develop the short- and long-term strategy and framework for managing the risks and opportunities relating to ESG.

- › To ensure that the views of stakeholder groups on ESG matters are solicited and understood to inform the Company’s long-term strategic decisions.
- › To identify the relevant ESG priorities that most significantly impact the Company and its stakeholders, its reputation and public interest role.
- › To assist the Board in defining and executing the Company’s strategy and agree the annual plan and targets relating to ESG matters.
- › To review the Company’s performance against its annual plan and ESG targets, initiatives, and commitments.
- › To guide the Company’s ESG communication strategy.
- › To ensure that ESG priorities are reflected in the Company’s culture through its Purpose, Vision, Values, and behaviours, as well as its Partner Code of Conduct.
- › To oversee and review the charitable activities of the Company.
- › To monitor, track and make recommendations to other Committees of the Board on matters relating to Governance.

The Committee’s key ESG priorities in 2023 have been:

People	Planet	Product
› Diversity, equity and inclusion including gender pay gap	› Net zero strategy and roadmap including Scope 3 emissions target	› Partner Code of Conduct
› Bioethics	› Climate risks	› Human rights in the supply chain, particularly anti-slavery initiatives
› Employee engagement	› Sustainable packaging	



## ESG COMMITTEE REPORT CONTINUED

**MEMBERSHIP AND MEETING ATTENDANCE**

Two Independent Non-Executive Directors currently serve on the ESG Committee.

The CEO, COO and Head of IR are invited to attend the Committee as observers. Others are invited to attend as appropriate to support the Committee with its discussions and decision-making. During the year, the Committee also invited ESG consultants to present on net zero carbon strategy, understanding the Company's Scope 1, 2 and 3 emissions and setting the carbon action plan and climate change risks.

During the year, the Committee held four scheduled meetings and reported on its activities to the Board.

Member	Role	Status	Attendance
Kristof Neiryndck	Chair	Independent	4/4
Eva-Lotta Sjöstedt <sup>1</sup>	NED	Independent	0/4
Richard Jones <sup>2</sup>	NED	Independent	2/4
Jo LeCouilliard <sup>3</sup>	NED	Independent	4/4

<sup>1</sup> Eva-Lotta Sjöstedt joined the Committee on 21 November 2023.

<sup>2</sup> Richard Jones stepped down from the Committee on 21 November 2023.

<sup>3</sup> Jo LeCouilliard resigned from the Board on 19 February 2024.

**ACTIVITIES OF THE COMMITTEE**

An overview of our approach and sustainability framework can be found on pages 28 and 29 and in our online Sustainability Report on our website.

Progress has been made in several areas during the year with activities focused on scope and resourcing in the areas of sustainable packaging, net zero strategy and roadmap, climate risks, and Task Force on Climate-Related Disclosures ("TCFD"), carbon action planning, employee engagement, supply chain oversight and responsible partnering:

- › Presentations were received from our Sustainable Sourcing Lead on the Company's packaging strategy, which focuses on minimising our impact on the environment while fostering innovation.
- › Reviewing presentations on our carbon reduction roadmap.
- › Reviewing and approving our voluntary 2022 Task Force on TCFD for reporting in both the Annual Report and Accounts and on the Company's website.
- › Reviewing and recommending for approval by the Board a Bioethics policy for publication on the Company's website.

- › Reviewing and supporting the output of the gap analysis of our anti-slavery programme, undertaken by our external partner, Slave Free Alliance.
- › Reviewing and approving the Company's resulting three-year anti-slavery strategy that, along with our Partner Code of Conduct, will further strengthen ethics and human rights in our supply chain.
- › Oversight of employee engagement, which includes a series of 'Lunch and Learns' and engagement from our CEO at the Company's Breakfast Briefings.
- › Reviewing and supporting the use of advisers to support the Company's ESG strategy.



## REMUNERATION COMMITTEE REPORT

# Remuneration Committee



**We continue to balance our remuneration policies and incentive structures to support strategic growth."**

**Martin Sutherland**

Remuneration Committee Chair



## CHAIR'S STATEMENT

On behalf of the Remuneration Committee ("the Committee"), I am pleased to introduce my first Remuneration Committee Report since becoming Chair of the Committee in early 2023. As a Company admitted to AIM, we are guided by the QCA's Remuneration Committee Guide and, when appropriate to do so, look to investor guidelines for best practice.

This year, we held several meetings to review our remuneration policy to ensure it remains appropriate for the size and complexity of our business. Guiding this review were the three principles that underpin our remuneration approach, namely:

- › Encouraging broader share ownership throughout our employee base, so that all employees are aligned with creating shareholder value.
- › Rewarding our staff and Executives at median against market benchmarks for their roles, so we are able to attract and retain the talent we need to drive the business forward.
- › Only paying for delivery against performance measures, so we reward success.

The review of the remuneration policy was to ensure that our arrangements satisfy the above principles and continue to support the business strategy, align with market norms and meet the governance expectations of our shareholders.

Following this review, and in consultation with our largest shareholders, we have now changed the way in which we grant long-term share awards. To date, the Company has operated two share-based incentive schemes being market-value options under the Company Share Option Plan ("CSOP") and nil-cost options under the Long Term Incentive Plan ("LTIP). All Alliance employees were eligible to receive market-value CSOP options, whilst awards of performance-based LTIPs were also used for the Senior Leadership Team, including the Executive Directors. With the growth in

COMMITTEE  
MEETINGS

7

COMMITTEE  
MEMBERS

3

**Martin Sutherland** (Chair)

Kristof Neiryck

Richard McKenzie



## REMUNERATION COMMITTEE REPORT CONTINUED

headcount that Alliance has undergone in the last few years, the granting of market-value CSOP options to all employees had created significant pressure on our dilution limits (which restrict the number of shares which can be issued to cover employee share scheme awards).

Having carefully considered various alternatives, we considered/decided that a move away from market value options was the best way to tackle this pressure. As such, share awards are now made entirely in the form of nil-cost options. The vesting of awards to the SLT (including Executive Directors) remains subject to performance targets, ensuring reward is only delivered in line with performance. This change has enabled us to continue to deliver on our approach of widespread equity ownership, whilst driving strong performance and remaining within our dilution limits at an acceptable accounting cost.

Following consultation with major shareholders, the Committee also approved a revision to the vesting conditions for the LTIP awards granted to the Executive Directors in 2023, with ROCE introduced as a third measure (alongside EPS and TSR).

The remuneration policy review also revealed a material gap between the pay levels of our Executives and the median level amongst our benchmark Companies (comprising Companies of similar size and similar sector). While recent salary increases for both the CEO and CFO have begun to close the gap, the main difference in pay between Alliance and its peers was in the relatively low long-term incentive opportunities available to our Executives. As such, following consultation with shareholders, we have increased the maximum LTIP opportunity under the policy to 120% of salary and lowered the proportion of the award that vests for achieving threshold performance to 25% of maximum (from 50%), ensuring that the increased LTIP opportunities

only become available for outstanding performance and the continued growth of the business. The first LTIP awards under the new policy were granted in October 2023 at a share price of 45p; the Committee approved annual awards of 100% of salary to the Executive Directors, a discount to the normal award (of 120% of salary) given the decline in the share price over recent months.

Other key activities of the Committee during the year included:

- › monitoring and making recommendations with respect to the level and structure of remuneration for senior management;
- › reviewing the 2023 annual corporate bonus scheme to ensure it is appropriate across all levels in the organisation;
- › reviewing data to support the appropriate level of remuneration following changes to roles and responsibilities of Directors during the year;
- › assessing the achievement of performance conditions and extent of vesting relating to share awards which matured in 2023;
- › approving the grant of awards under the Company's Long-Term Incentive Plan to the Executive Directors and employees; and
- › reviewing the holding requirements and level of holdings under the Company's Share Ownership Policy.

On 21 November 2023, we were pleased to welcome Richard McKenzie to the Committee.

The Committee continues to monitor trends and developments in relation to remuneration market practices and corporate governance, and welcomes views from its shareholders.

This year for the first time, and in keeping with good practice, we are pleased to give shareholders a 'say on pay' and will be putting forward the Remuneration Report to a shareholder advisory vote at the AGM. I will also be available at that meeting to answer any shareholder questions on the Committee's activities.

In the meantime, I would like to thank our shareholders for their continued support.

### Martin Sutherland

Remuneration Committee Chair  
18 June 2024



## REMUNERATION COMMITTEE REPORT CONTINUED

**THE ROLE OF THE REMUNERATION COMMITTEE**

The role of the Committee is to ensure there is a formal process for considering Executive remuneration. On behalf of the Board, it reviews the pay, benefits, and other terms of service of the Executive Directors of the Company and the broad pay strategy with respect to other senior Executives. The framework of duties is set out in its Terms of Reference which are available on the Company's website.

Each year, the Committee reviews its own performance and its Terms of Reference. Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information.

The Chair of the Committee reports to the Board on its proceedings after each meeting and will make any recommendations to the Board it deems appropriate. The Committee will also engage with the Nomination Committee when considering, for example, the appointment of Directors or contractual terms on termination.

**Membership and meeting attendance**

Appointments to the Committee are made by the Board following recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. However, where appropriate, the CEO, CFO and the Chief People Officer are also invited to attend certain meetings of the Remuneration Committee. During the year, the Committee held a total of seven meetings, three scheduled and four unscheduled, and reported on its activities to the Board.

During the year, the Remuneration Committee comprised the following Independent Non-Executive Directors and their attendance was as follows:

Member	Status	Attendance
Martin Sutherland <sup>1</sup>	Independent	6/6
Kristof Neiryndck	Independent	6/7
Richard McKenzie <sup>2</sup>	Independent	–
David Cook <sup>3</sup>	Independent	3/3
Jo LeCouilliard <sup>4</sup>	Independent	7/7

<sup>1</sup> Martin Sutherland was appointed to the Committee on 10 February 2023 and became Chair of the Committee on 1 April 2023.

<sup>2</sup> Richard McKenzie was appointed to the Committee on 21 November 2023.

<sup>3</sup> David Cook resigned from the Board on 25 May 2023.

<sup>4</sup> Jo LeCouilliard stepped down as Chair of the Committee but continued to remain a member of the Committee until her resignation from the Board on 19 February 2024.

Directors who were unable to attend meetings, provided comments and feedback on business to the Chair of the Committee.

**Activities of the Committee**

During the year, matters reviewed and considered by the Remuneration Committee included reviewing policies on remuneration, the external environment, market comparators, increases to annual base salaries, short-term and long-term reward structures, and assessing the extent to which targets have been achieved under the performance-related incentive schemes. When appropriate to do so, the Remuneration Committee seeks the support of its external advisers, Ellason LLP ("Ellason"). They are members of the Remuneration Consultants Group, which sets out guidelines to ensure that any advice received is independent. Ellason provides no other services to the Company and the Committee is satisfied that the advice received is objective and independent.

No Directors or senior managers are involved in any decisions as to their own remuneration.

**REMUNERATION POLICY****Advisory vote**

This year, in keeping with good practice, shareholders will be given a 'say on pay' on the Remuneration Report by virtue of an advisory vote at the AGM.

**Remuneration policy tables**

As the Company is admitted to AIM, it is not required to produce a formal remuneration policy or seek shareholder approval of that policy. However, we set out below additional information that the Committee believes will be most useful to shareholders and reflects remuneration practices that are appropriate for an AIM Company of our size. The policy is designed to ensure our Executive Director pay arrangements remain supportive of, and drive the strategy.





## REMUNERATION COMMITTEE REPORT CONTINUED

Element	Policy
<b>Base salary</b>	<p>Base salaries are reviewed annually to ensure they remain in line with other pharmaceutical/healthcare and other AIM Companies and reflect the size and scope of the individual's role. Within that frame of reference, the Company aims to be at or near the median level.</p> <p>Annual base salaries increase from May each year. The Committee is committed to ensuring that salaries remain competitive relative to the AIM 100. Levels are set to attract and retain individuals to lead and drive forward the agreed strategy for the Company.</p>
<b>Pension and other benefits</b>	<p>Executive Directors can participate in the Company's defined contribution pension scheme. In line with all employees, only their base salaries are pensionable. The Company contributes twice the amount contributed by the employee up to a maximum of 10% of salary. When appropriate to do so, Executive Directors may take benefits as a salary cash supplement (which will ordinarily be reduced to take account of the employer National Insurance Contributions).</p> <p>Other benefits in kind include life assurance, healthcare, and the provision of a cash allowance in lieu of a company car.</p>
<b>Annual bonus</b>	<p>Executive Directors are eligible to participate in the all-employee cash-settled Annual Bonus scheme which reinforces the delivery of the Group's short-term corporate goals, typically linked to two factors:</p> <ul style="list-style-type: none"> <li>&gt; the achievement of budgeted levels of underlying profit before tax, which is the key metric the Board considers in monitoring corporate performance; and</li> <li>&gt; personal performance of each Executive.</li> </ul> <p>The level of bonus is determined by first assessing the level of financial performance, and then applying a further multiplier which is determined by assessment of the Executive's personal performance for the year. Targets are set at the start of each financial year and are determined with the approval of the Remuneration Committee to ensure they incentivise the Executives and align with delivery of the Group's strategy. Personal performance is measured using various factors, including delivery of pre-set personal targets.</p> <p>The Annual Bonus that each of the Executives can earn is as follows:</p> <p><b>Chief Executive Officer</b> A bonus of 14% of base salary, increasing on a sliding scale up to a maximum of 100% of base salary, is payable upon the achievement of financial performance targets. The bonus payable can be increased further by applying a personal performance multiplier. The maximum personal performance multiplier is 1.5x (i.e. up to an additional 50% of salary). The CEO's potential maximum Annual Bonus opportunity is therefore 150% of base salary.</p> <p><b>Chief Financial Officer &amp; Chief Operating Officer</b> A bonus of 11% of base salary, increasing on a sliding scale up to a maximum of 80% of base salary, is payable upon the achievement of financial performance targets. The bonus can be increased further by applying a personal performance multiplier. The maximum personal performance-related multiplier is 1.5x (up to an additional 40% of salary). The potential maximum Annual Bonus opportunity is therefore 120% of base salary for the CFO and COO.</p>
<b>Share incentive schemes</b>	<p>The Company operates share-based incentive schemes to encourage a culture of long-term growth and performance that aligns with shareholders. In recent years, the Executive Directors have participated in both a market value Company Share Option Plan ("CSOP"), and a nil-cost Long-Term Incentive Plan ("LTIP"). However, as set out on page 99, no further awards will be granted under the CSOP and the LTIP will be the sole long-term incentive vehicle going forward.</p> <p>LTIP awards granted to the Executive Directors are subject to performance metrics assessed over a three-year performance period, and typically include Earnings Per Share ("EPS"), Total Shareholder Return ("TSR") and Return on Capital Employed ("ROCE").</p> <p>The maximum market value of shares over which LTIP awards may be granted to any participant during any financial year is 150% of the participant's salary but with the intention that annual awards will not normally exceed 120% of the participant's salary. However, in exceptional circumstances, the Committee may, at its absolute discretion, grant a higher amount. Award levels are reviewed regularly by the Committee to ensure that aggregate remuneration levels remain competitive.</p> <p>Further information about the Company's share incentive plans is set out on page 99.</p>
<b>Share ownership</b>	<p>To align Directors' and senior management's interests with our shareholders, the Company operates a Share Ownership Policy.</p> <p>Relevant employees are required to build a qualifying interest in shares or vested options capable of exercise that is equal to a percentage of their base salary. Ordinary shares are valued at their market value at the time of any calculation carried out to determine whether a qualifying interest has been established or needs to be increased. Vested-but-unexercised options are included based on the implied net-of-tax gain. The CEO is required to build a qualifying interest equal to 200% of his base salary, while the CFO and COO are required to build an interest equal to 150% of their salary. Further information can be found on page 96 of this report.</p>



## REMUNERATION COMMITTEE REPORT CONTINUED

## POLICY TABLE IN RESPECT OF NON-EXECUTIVE REMUNERATION

Remuneration/Benefit	Application													
<b>Fees</b>	Non-Executive Directors of the Company receive a basic fee for their services provided to the Company. These are reviewed by the Board from time to time to ensure levels remain in line with comparable Companies. There are no performance measures in relation to fees paid to Non-Executive Directors.													
	Salary or fees		Other		Pension		Bonus		Total remuneration, excluding share options		Exercised share option gains		Total remuneration, including share options	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Peter Butterfield	377,167	356,083	12,369	12,235	31,725	31,514	–	–	421,261	399,832	37,386	–	458,647	399,832
Andrew Franklin <sup>1</sup>	256,194	239,200	11,663	11,474	21,191	20,846	–	–	289,048	271,520	21,134	–	310,182	271,520
Jeyan Heper <sup>2</sup>	251,731	–	9,337	–	25,173	–	–	–	286,241	–	–	–	286,241	–
David Cook <sup>3</sup>	36,000	88,000	1,359	–	–	–	–	–	37,359	88,000	–	–	37,359	88,000
Richard Jones	57,246	49,458	1,589	–	–	–	–	–	58,835	49,458	–	–	58,835	49,458
Jo LeCouilliard <sup>4</sup>	76,920	49,458	899	–	–	–	–	–	77,819	49,458	–	–	77,819	49,458
Kristof Neiryck	51,951	47,201	847	–	–	–	–	–	52,798	47,201	–	–	52,798	47,201
Martin Sutherland <sup>3</sup>	47,510	–	706	–	–	–	–	–	48,216	–	–	–	48,216	–
Eva-Lotta Sjöstedt <sup>5</sup>	7,265	–	–	–	–	–	–	–	7,265	–	–	–	7,265	–
Richard McKenzie <sup>5</sup>	7,265	–	–	–	–	–	–	–	7,265	–	–	–	7,265	–
	<b>1,169,247</b>	<b>829,400</b>	<b>38,770</b>	<b>23,709</b>	<b>78,089</b>	<b>52,360</b>	<b>–</b>	<b>–</b>	<b>1,286,106</b>	<b>905,469</b>	<b>58,520</b>	<b>–</b>	<b>1,344,626</b>	<b>905,469</b>

1 Andrew Franklin was paid an uplift of £7,000 per month whilst he was acting as CEO. Peter Butterfield returned to work in March 2023 and earned his fixed pay since taking a leave of absence in November 2022, and then resumed his duties as full time CEO from 1 July 2023.

2 Jeyan Heper and Martin Sutherland joined the Board on 1 February 2023.

3 David Cook resigned from the Board as a Non-Executive Director and Chairman on 25 May 2023.

4 Jo LeCouilliard was appointed Chair of the Board on the 25 May 2023, which saw an increase in fees between 2022 and 2023.

5 Eva-Lotta Sjöstedt and Richard McKenzie joined the Board on 6 November 2023.

No Director received any remuneration from a third party in respect of their service as a Director of the Company.



## REMUNERATION COMMITTEE REPORT CONTINUED

**BASE SALARY**

During the year, the Committee undertook a review of market benchmarks, including Companies of similar size and sector, to gauge the pay positioning of the Executive Directors and other senior management; the review concluded that our total remuneration levels remained at median. Ellason assisted the Committee with benchmarking of roles and discussed with the Committee the market data and pay gaps, market sentiment, and the macro-economic environment.

The base salaries for the CEO and CFO were increased by 5%, from £365,000 to £383,250 for the CEO and from £243,800 to £255,990 for the CFO; these increases took effect on 1 May 2023 and were in line with the average increase for other UK employees. In addition, the Committee agreed a further increase to the CFO's base salary, effective 1 November 2023, in recognition of his additional responsibilities for Information Technology bringing his total base salary to £281,589.

Jeyan Heper was appointed COO on 1 February 2023, on an annual base salary of £275,000.

**PENSION AND BENEFITS**

All three Executive Directors received an employer pension contribution of twice the amount contributed by the Director up to a maximum of 10% of salary.

The column headed 'Other' in the table above shows the value of benefits provided to each Executive Director, including car and healthcare allowance. The Executive Directors accrue retirement benefits through defined contribution pension schemes. The Company does not operate a defined benefit pension scheme. No Director or former Director received any benefits from a retirement benefits scheme that were not otherwise available to all members of the scheme.

**ANNUAL BONUS**

The Committee reviewed the achievement of actual underlying profit before tax ("PBT") against budgeted levels – the key metric for monitoring corporate performance. In addition, the Committee considered the personal performance of the Executive Directors as measured against various factors including pre-set personal objectives.

No annual bonus payments have been paid to the Executive Directors in respect of the year ending 31 December 2023, as the required threshold level of PBT was not achieved.

**NON-EXECUTIVE DIRECTORS' FEES**

An increase to Non-Executive Directors' fees was approved during the year and took effect on 1 May 2023. The annual fee payable to David Cook as Chair of the Board was £90,000 pro rata to his tenure during the year. Jo LeCovilliard was appointed Chair of the Board with effect from the 2023 Annual General Meeting with a contractual fee of £94,500. The Chair and Non-Executive Directors may be reimbursed for any reasonable business expenses, including any taxes payable thereon.

Each Non-Executive Director is paid an annual base Board fee of £48,431. Richard Jones, Kristof Neiryck, and Martin Sutherland each receive an additional annual Committee Allowance of £5,000 for chairing the Audit and Risk, ESG and Remuneration Committees, respectively. No Committee Allowance is paid for the chairing of the Nomination Committee. Richard Jones was appointed Senior Independent Director with effect from 1 February 2023 for which he receives an additional annual allowance of £5,000.

**COMPANY SHARE PLANS**

The Company operates two share incentive schemes under

which shares can be awarded to Executive Directors and senior management. More details on our share plans can be found in the Directors' Report on page 99.

**AWARDS UNDER THE ALLIANCE LONG-TERM INCENTIVE PLAN 2019 ("LTIP")**

During the year, the Committee approved awards granted under the Company's LTIP in the form of nil-cost options. These were granted on 4 October 2023 with a face value of 100% of base salary, equal to 851,666 nil-cost options to the CEO; 568,866 to the CFO and 861,111 to the COO. The share price used to calculate the number of shares awarded was 45p (being the closing mid-market price on 3 October 2023). The award levels were set below the normal policy maximum of 120% of salary to reflect the recent decline in the share price.

The COO was also awarded an additional 250,000 nil-cost options in 2023 (equivalent to c.40% of salary) pursuant to his joining the Board earlier in the year and as a means to help ensure a more rapid alignment with shareholders.

These awards will vest on the third anniversary from the date of grant, 4 October 2026, subject to meeting the EPS, TSR and ROCE performance targets set out below.

**MALUS AND CLAWBACK**

All LTIP awards are subject to standard malus and clawback provisions which allow the Company, in certain circumstances, to either (i) terminate outstanding options, or (ii) seek repayment of after-tax value of options which have been exercised by an Executive who has been dismissed as a result of a set of prescribed irregularities including the discovery of material misstatement of results of the Company or Group; or a serious breach of the Company's code of ethics has arisen; or a serious regulatory, or health and safety issue has occurred.



## REMUNERATION COMMITTEE REPORT CONTINUED

## PERFORMANCE CONDITIONS

During 2023, the Committee undertook a review of the use of appropriate performance conditions as part of the proposals to grant share awards only under the LTIP. In recent years, the vesting of LTIP awards has been linked to EPS and relative TSR, weighted equally. Having consulted with shareholders as part of the governance roadshow, the Committee determined it appropriate to introduce underlying Return on Capital Employed ("ROCE") as a third measure for the 2023 awards, weighted at 20%, to help reinforce a focus on capital efficiency. In addition, revisions were made to the vesting curves such that achievement of the threshold performance level (for all three LTIP measures) would permit vesting of only 25% of maximum, reduced from 50% used for prior awards, reflecting market practice. Lastly, the Committee determined that the benchmark to be used under the TSR condition would be the AIM All Share Index (previously the FTSE Small Cap) to better reflect the Company's market placing.

As such, the vesting of LTIP awards granted in 2023 to the Executive Directors is based 40% on EPS, 40% on TSR and 20% on ROCE.

## Underlying earnings per share

EPS	% of award that vests (40% of overall award)
< 5% CAGR	0%
5% –10% CAGR	Calculated on a straight-line basis between 25% and 100%
> 10% CAGR	100%

**CAGR:** means compound annual growth rate.

**EPS:** means the underlying diluted earnings per share as presented in the Company's published Annual Reports.

**EPS Compound Annual Growth Rate:** means the percentage of increase in the EPS of the Company calculated by reference to the difference between (i) the EPS as presented in the published Annual Report for the financial year ending 31 December 2022, to (ii) the EPS as presented in the published Annual Report for the financial year ending 31 December 2025.

**EPS Performance Period:** means the period from 1 January 2023 to 31 December 2025 (inclusive).

## Total shareholder return

TSR	% of award that vests (40% of overall award)
Less than the Index	0%
Equal to the Index	25%
Between the Index but less than 15% out-performance of the Index on a cumulative basis over the TSR performance period	Calculated on a straight-line basis between 25% and 100%
Equal to or greater than 15% out-performance of the Index on a cumulative basis over the TSR performance period	100%

**Index:** means the AIM All-Share Index.

**TSR:** means total shareholder return calculated by reference to the Company's share price appreciation plus all dividend per share paid (based on the ex-dividend date) during the TSR Performance Period, and as determined by the Company's Nominated Adviser at the end of the TSR Performance Period.

**TSR Performance Period:** means the period starting on the Grant Date and ending on the third anniversary of the Grant Date.

## Underlying return on capital employed

ROCE	% of award that vests (20% of overall award)
Equal to 90% of Target ROCE	25%
90% Target ROCE < Vesting ROCE ≤ 125% of Target ROCE	Calculated on a straight-line basis between 25% and 100%
Vesting ROCE > 125% Target ROCE	100%

**Target ROCE:** 10.2%, calculated on the basis of the 5-year average ROCE up to and including 31 December 2022 (taken from the audited and published accounts for those five accounting periods).

**ROCE:** is calculated by dividing underlying operating profit before tax by capital employed (the aggregate of shareholders' equity and interest-bearing debt).

**Underlying operating profit before tax:** profit before tax, interest and non-underlying items, as set out in the audited accounts for the relevant period/s.

**Shareholders' equity:** total equity at the relevant balance sheet date (equal to total assets less total liabilities), which is to be defined as net of non-underlying items (e.g. amortisation & impairments).

**Interest-bearing debt:** bank loan drawn at the relevant balance sheet date.

## AWARDS UNDER THE ALLIANCE COMPANY SHARE OPTION PLAN 2015 ("CSOP")

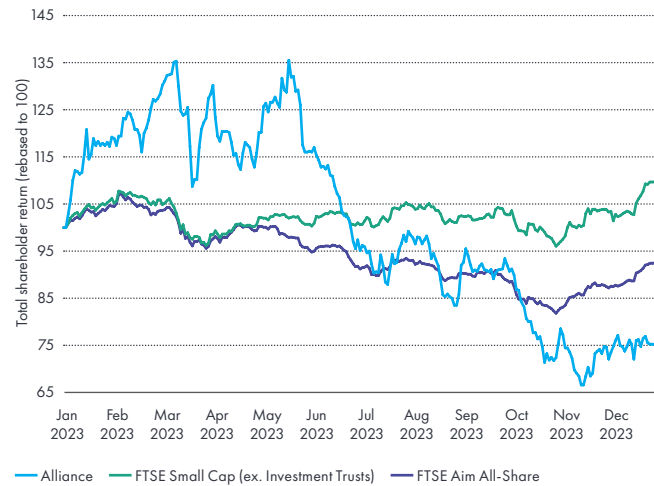
No awards were granted to employees under the CSOP in the year under review. In previous years, market value CSOP share options have been granted to the Executive Directors and members of the Senior Leadership Team ("SLT") and, where appropriate, may attract HMRC tax advantages. Details of CSOP awards granted to the Executive Directors can be found on pages 94 and 95.



## REMUNERATION COMMITTEE REPORT CONTINUED

**Total Shareholder Return**

3rd January 2023 to 29th December 2023

**AWARDS VESTING DURING THE YEAR**

Awards granted under the CSOP and the LTIP to Peter Butterfield and Andrew Franklin on the 23 September 2020 lapsed in full, as neither the EPS nor TSR targets were met.

Details of the number of shares vesting and the relevant exercise prices for these option awards are set out in the tables on pages 94 and 95. The closing mid-market price of Ordinary shares on 29 December 2023 (being the last dealing day in the calendar year) was 40.5p and the range during the year was from 34.5p to 71.8p.

**SHARE INCENTIVE AWARDS**

Executive Directors hold options through the Company's share option and LTIP. Details of all options held under the Company's employee share schemes by the Directors as at 31 December 2023 and who served during the year are shown on pages 94 and 95. Shares are retained as required to comply with the Company's Share Ownership Policy for which details are provided on page 96.



## REMUNERATION COMMITTEE REPORT CONTINUED

## Peter Butterfield

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised during the financial year	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
CSOP Unapproved	27-Oct-16	47.50	EPS	1,000,000	1,000,000	–	–	500,000	27-Oct-21	27-Oct-26
CSOP Unapproved	05-Oct-18	81.60	EPS	1,250,000	1,250,000	–	–	1,250,000	05-Oct-21	05-Oct-28
CSOP Unapproved	05-Dec-19	76.90	EPS & TSR	137,500	68,750	–	68,750	68,750	05-Dec-22	05-Dec-29
LTIP	05-Dec-19	Nil	EPS & TSR	196,684	98,342	98,342*	98,342	Nil	05-Dec-22	05-Dec-23
CSOP Unapproved	23-Sep-20	73.70	EPS & TSR	165,000	Nil	–	165,000	Nil	23-Sep-23	23-Sep-30
LTIP	23-Sep-20	Nil	EPS & TSR	246,269	Nil	–	246,269	Nil	23-Sep-23	23-Sep-24
CSOP Unapproved	29-Sep-21	102.80	EPS & TSR	139,943	–	–	–	–	29-Sep-24	29-Sep-31
CSOP Approved	29-Sep-21	102.80	EPS & TSR	29,182	–	–	–	–	29-Sep-24	29-Sep-31
LTIP	29-Sep-21	Nil	EPS & TSR	180,970	–	–	–	–	29-Sep-24	29-Sep-25
CSOP Approved	29-Sep-22	58.20	EPS & TSR	1	–	–	–	–	29-Sep-25	29-Sep-32
CSOP Unapproved	29-Sep-22	58.20	EPS & TSR	182,499	–	–	–	–	29-Sep-25	29-Sep-32
LTIP	29-Sep-22	Nil	EPS & TSR	344,931	–	–	–	–	29-Sep-25	29-Sep-26
LTIP	04-Oct-23	Nil	EPS, TSR, ROCE	851,666	–	–	–	–	04-Oct-26	04-Oct-27
				<b>4,724,645</b>	<b>2,417,092</b>	<b>98,342</b>	<b>578,361</b>	<b>1,818,750</b>		

\* On 13 October 2023, Peter Butterfield exercised options over 98,342 Ordinary shares of 1p each in the Company. These options were granted in 2019 and were set to expire on 5 December 2023. Following the exercise, 74,343 Ordinary shares were sold at a price of 39.0p per share with an element of the proceeds being applied to satisfy the nominal value exercise price of the options, costs and tax liabilities. In accordance with the Company's share retention policy, following this transaction, Peter has a beneficial interest in 466,103 Ordinary shares and 1,818,750 vested but unexercised share options.



## REMUNERATION COMMITTEE REPORT CONTINUED

## Andrew Franklin

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised during the financial year	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
CSOP Unapproved	04-Dec-15	46.75	None	1,935,829	1,935,829		–	500,000	04-Dec-18	04-Dec-25
CSOP Unapproved	27-Oct-16	47.50	EPS	155,000	155,000	–	–	155,000	27-Oct-19	27-Oct-26
CSOP Unapproved	27-Oct-16	47.50	EPS	400,000	400,000	–	–	400,000	27-Oct-21	27-Oct-26
CSOP Unapproved	15-Sep-17	53.00	EPS	170,000	170,000	–	–	170,000	15-Sep-20	15-Sep-27
CSOP Unapproved	05-Oct-18	81.60	EPS	178,000	178,000	–	–	178,000	05-Oct-21	05-Oct-28
CSOP Approved	05-Dec-19	76.90	EPS & TSR	39,011	19,505	–	19,505	19,505	05-Dec-22	05-Dec-29
CSOP Unapproved	05-Dec-19	76.90	EPS & TSR	55,989	27,994	–	27,994	27,994	05-Dec-22	05-Dec-29
LTIP	05-Dec-19	Nil	EPS & TSR	111,183	55,592	55,592*	55,592	Nil	05-Dec-22	05-Dec-23
CSOP Unapproved	23-Sep-20	73.70	EPS & TSR	110,000	Nil	–	110,000	Nil	23-Sep-23	23-Sep-30
LTIP	23-Sep-20	Nil	EPS & TSR	134,328	Nil	–	134,328	Nil	23-Sep-23	23-Sep-24
CSOP Unapproved	29-Sep-21	102.80	EPS & TSR	115,000	–	–	–	–	29-Sep-24	29-Sep-31
LTIP	29-Sep-21	Nil	EPS & TSR	100,681	–	–	–	–	29-Sep-24	29-Sep-25
CSOP Unapproved	29-Sep-22	58.20	EPS & TSR	121,900	–	–	–	–	29-Sep-25	29-Sep-32
LTIP	29-Sep-22	Nil	EPS & TSR	188,505	–	–	–	–	29-Sep-25	29-Sep-26
LTIP	04-Oct-23	Nil	EPS, TSR, ROCE	568,866					04-Oct-26	04-Oct-27
				<b>4,384,292</b>	<b>2,941,920</b>	<b>55,592</b>	<b>347,419</b>	<b>1,450,499</b>		

\* On 13 October 2023, Andrew Franklin exercised options over 55,592 Ordinary shares of 1p each in the Company. These options were granted in 2019 and were set to expire on 5 December 2023. Following the exercise, 42,053 Ordinary shares were sold at a price of 39.0p per share with an element of the proceeds being applied to satisfy the nominal value exercise price of the options, costs and tax liabilities. In accordance with the Company's share retention policy, following this transaction, Andrew has a beneficial interest in 192,911 Ordinary shares and 1,450,499 vested but unexercised share options.

## Jeyan Heper

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised during the financial year	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
LTIP	04-Oct-23	Nil	EPS, TSR, ROCE	861,111					04-Oct-26	04-Oct-27
				<b>861,111</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		



## REMUNERATION COMMITTEE REPORT CONTINUED

**DIRECTORS' INTERESTS, SHAREHOLDINGS & SHARE OWNERSHIP POLICY**

The Company operates a Share Ownership Policy under which the Executive Directors and certain other employees are required, when exercising options, to acquire and maintain an interest in Alliance Pharma shares up to a percentage of base salary. The policy requires Executive Directors, when they exercise options, to retain shares in the Company with a value equal to 50% of the net gain (post costs and settlement of tax liabilities) until such time as the required level of shareholding is achieved.

Once an Executive Director has built a stake in the Company equal to the required level, they are free to exercise without having to retain shares. Interests may also be maintained as a result of a Director acquiring Ordinary shares in the open market. The Company Secretary maintains a record of individual required levels and qualifying interests, based on notified information, and reports periodically to the Remuneration Committee regarding compliance. Pursuant to the policy, 50% of the value of any vested but unexercised awards count towards the holding requirements. Ordinary shares are valued at their market value at the time of any calculation carried out using the previous day's closing middle market quotation.

**Directors' interests, shareholdings & Share Ownership Policy**

As at 31 December 2023, the Executive Directors hold the following interests in Ordinary shares of the Company:

Director		Ownership requirement (% of salary)	Base salary	Shareholding (no. of shares)	Vested but unexercised awards (no. of shares)	Value of holdings*	Ownership level (% of salary)
Peter Butterfield	CEO	200%	£383,250	466,103	1,818,750	£188,772	49%
Andrew Franklin	CFO	150%	£281,589	192,911	1,450,499	£78,129	28%
Jeyan Heper	COO	150%	£275,000	Nil	Nil	Nil	0%

\* At the closing market price on 31 December 2023: 40.5p.

The following table shows the interests of the Directors (and their spouses and dependent children) in the shares of the Company.

Director	At 31 December 2022			At 31 December 2023		
	Beneficial	Non- beneficial	Total	Beneficial	Non- beneficial	Total
Peter Butterfield	442,104	–	442,104	466,103	–	466,103
Andrew Franklin	128,384	–	128,384	192,911	–	192,911
Jeyan Heper	–	–	–	–	–	–
Richard Jones	15,000	–	15,000	68,000	–	68,000
Jo LeCouvilliar	–	–	–	40,957	–	40,957
Kristof Neiryneck	–	–	–	–	–	–
Martin Sutherland	–	–	–	–	–	–
Eva-Lotta Sjöstedt	–	–	–	–	–	–
Richard McKenzie	–	–	–	–	–	–
David Cook <sup>1</sup>	234,129	–	234,129	234,129	–	234,129

<sup>1</sup> David Cook resigned from the Board on 25 May 2023 at which point his shareholdings in the Company totalled 234,129 Ordinary shares.





## REMUNERATION COMMITTEE REPORT CONTINUED

## DIRECTORS' SERVICE CONTRACTS

All Executive Directors are employed under a service contract. The services of all Executive Directors may be terminated (i) by the Company or individual giving the applicable notice or (ii) immediately in the event that the Director is not re-elected by shareholders at an AGM.

Executive Director		Date of appointment	Date of current contract	Notice period (Company)	Notice period (Director)
Peter Butterfield <sup>1</sup>	CEO	22/02/2010	05/08/2010	12 months	12 months
Nick Sedgwick <sup>2</sup>	CEO	13/05/2024	07/05/2024	6 months	6 months
Andrew Franklin	CFO	28/09/2015	25/06/2015	12 months	12 months
Jeyan Heper	COO	01/02/2023	11/01/2023	12 months	12 months

<sup>1</sup> Peter Butterfield stepped down as CEO on 13 May 2024 and will resign from the Board on the 30 June 2024.

<sup>2</sup> Nick Sedgwick joined the Board as CEO with effect from 13 May 2024.

The Non-Executive Directors are employed under letters of engagement which may be terminated by the Company by (i) giving the appropriate notice, or (ii) immediately in the event that the Director is not re-elected by shareholders at an AGM.

Non-Executive Director		First date of appointment	Current term	Unexpired term
Camillo Pane	Chair & Independent NED	19/02/2024	5 years	59 months
Richard Jones <sup>1</sup>	Independent NED	01/01/2019	4 years	45 months
Kristof Neiryck	Independent NED	01/12/2021	5 years	46 months
Martin Sutherland	Independent NED	01/02/2023	5 years	46 months
Eva-Lotta Sjöstedt	Independent NED	06/11/2023	5 years	55 months
Richard McKenzie	Independent NED	06/11/2023	5 years	55 months

<sup>1</sup> Richard Jones entered terms of appointment for an initial term of five years starting from 1 January 2019. In November 2023, the Board approved to extend his term of appointment by a further four years to the 31 December 2027.

The Executive Directors' service contracts and Chair and Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office or by emailing the Company Secretary at [Company.Secretary@AlliancePharma.co.uk](mailto:Company.Secretary@AlliancePharma.co.uk).



## DIRECTORS' REPORT

### SCOPE OF THIS REPORT

The Directors present their Annual Report, together with the audited financial statements of the Company and the Group, for the year ended 31 December 2023.

The Directors' Report, required under the Companies Act 2006, includes and comprises the Strategic Report on pages 09 to 56, the Governance section including the Directors' biographies and the Remuneration Committee Report on pages 57 to 97.

### Principal activities

The principal activity of the Company is to act as a holding company. The principal activity of the Group is the acquisition, marketing and distribution of Consumer Healthcare and pharmaceutical products.

### Branches

A list of the Group's subsidiaries and associated undertakings can be found on pages 165 to 166 under note c to the Company financial statements. There are no branches of the Company outside the UK, however, Alliance Pharmaceuticals GmbH, a company within the Alliance Group, has a Swiss branch which operates under the name Alliance Pharmaceuticals GmbH Düsseldorf, Zweigniederlassung Uster.

### Directors

Names and biographical details of the Directors of the Company at the date of this report are shown on pages 60 to 62. The rules setting out the powers of Directors, their appointment and replacement are set out in the Company's Articles of Association. Further information on the associated processes can be found on page 72 of the Nomination Committee Report.

Details of Executive Directors' service contracts and letters of appointment for Non-Executive Directors can be found in the Remuneration Report on pages 97. All Directors put themselves forward for annual re-election at the Company's AGM.

### Directors' indemnities

The Company's Articles of Association contain provisions for Directors to be indemnified (including the funding of defence costs) to the extent permitted by the Companies Act 2006.

This indemnity would only be available if judgement was given in the individual's favour, they were acquitted, or relief was granted under the Companies Act 2006 was granted by the Court. There were no qualifying pension scheme indemnity provisions in force during the year.

### Share capital and shareholders' rights

The Company's issued share capital as at the 11 June 2024 is 540,399,740 Ordinary shares of 1p each. Each Ordinary share carries one vote at general meetings of the Company. There are no restrictions on the transfer of Ordinary shares other than restrictions which may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that may restrict transfer of securities or voting rights.

The Company has no shareholder authority to acquire its own shares.

### Dividends

As detailed in the interim statement on 26 September 2023, the dividend was paused to allow the Board to develop a new dividend policy with greater emphasis on reinvestment in the business to drive growth. Taking account of shareholder feedback, the Board has decided that no dividend will be declared for 2023 with cash prioritised for investment in innovation, development, brand marketing and reducing debt, and expects to provide an update on dividend policy at some point in the future.

### Substantial shareholdings

As at 11 June 2024, as required under AIM and certain disclosure rules, the Company has been notified of the major shareholdings in the table below. Both the number of shares held, and the percentage holding, are stated as at the latest date of notification to the Company. Details of all major shareholdings can also be found in the Investor section of the Company's website.

Shareholder	Number of shares held	Percentage of issued share capital
DBAY Advisors Limited	141,696,240	26.22%
Slater Investment	66,595,656	12.32%
Van Lanschot Kempen	41,947,101	7.76%
Fidelity Investments	20,115,527	3.72%
Artemis Investment Mgt	19,474,565	3.60%



## DIRECTORS' REPORT CONTINUED

**COMPANY SHARE INCENTIVE PLANS**

The Company operates two incentive share plans.

**The Alliance Company Share Option Plan 2015 ("CSOP")**

For many years, the Company has operated a CSOP under which all employees are eligible to receive awards in the form of market value options. At the discretion of the Remuneration Committee, awards are typically granted subject to a three-year vesting period. On maturity, participants have a seven-year period in which to exercise their options. Historically, these options were awarded based on one share for every £2 of salary and, where appropriate, may attract HMRC tax advantages. Employees based outside of the UK receive non-tax advantaged share option awards and, where this is not possible, the Committee considers awards in the form of share appreciation rights.

There were no awards granted under this plan in 2023. The Company does not currently have any intention of granting further options pursuant to the CSOP.

**The Alliance Long-Term Incentive Plan 2019 ("LTIP")**

In 2019, the Company introduced the LTIP which, up until 2023, was utilised as part of the remuneration strategy for the Executive Directors and members of the Senior Leadership Team only.

In 2023, as part of proposals to widen remuneration strategy across the Group and to help manage dilution levels, and following consultation with various shareholders, awards were granted to all employees in the form of nil-cost share options based on a percentage of base salary.

All awards granted to Executive Directors and other senior employees under the LTIP are subject to performance conditions and malus and clawback provisions. Subject to achieving the performance conditions set by the Committee, all awards will vest three years from the date of grant and participants will have 12 months in which to exercise any vested award.

Employees based outside of the UK also received nil-cost options and, where this is not possible, the Remuneration Committee considers awards in the form of share appreciation rights, also granted on a nil-cost basis.

Further information on the Company's share incentive plans and on awards granted to the Executive Directors can be found in the Remuneration Committee Report on pages 91 to 93.

**Employee Benefit Trust ("EBT"/"Trust") and management of dilution**

The Company manages dilution rates within the standard guidelines. In 2017, the Group established the Alliance Pharma Employee Benefit Trust to facilitate the acquisition of Ordinary shares in the Company for the purpose of satisfying awards granted under share option schemes. The Group has been operating the Trust to help manage dilution limits in line with good practice.

The Trust is administered by an independent Trustee, operating the Trust independently of the Group.

The EBT is a discretionary trust, the sole beneficiaries being employees (including Executive Directors) of the Group who have received applicable awards.

The Trustees must act in the best interests of the beneficiaries as a whole and will exercise their discretion in deciding whether or not to act on any recommendations proposed by the Company. Any assets held by the Trust would be consolidated into the Group's financial statements.

The Company may grant awards on the basis that it is the Company's intention to settle the exercise of awards through shares purchased in the open market on an arm's length basis. Awards granted and settled in this way are not included in the Company's headroom and dilution calculation.

The Company may fund the EBT to purchase, on the EBT's own account, shares in the Company on the open market, however, to date the Company has not needed to. This is in return for the EBT agreeing to use the shares in the Company that it holds to satisfy certain outstanding awards made under the Company's share option schemes. The purchasing of shares in the market to satisfy the exercise of options places a cash requirement on the business. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

To further help manage dilution limits, and where appropriate, permitted and agreed with the Committee, share options are net settled upon exercise.



## DIRECTORS' REPORT CONTINUED

**Employee share dealing and share ownership**

In accordance with AIM Rule 21, all employees are made aware of, and are required to comply with, the Company's Share Dealing Policy when dealing in the Company's shares or exercising options over shares. The Dealing Code sets out the rules relating to close periods, clearance procedures, time frames and disclosure requirements.

The Company operates a Share Ownership Policy under which the Executive Directors and certain other employees are required, when exercising options, to acquire and maintain an interest in Alliance Pharma shares up to a percentage of base salary; details of which in relation to the Executives can be found on page 96.

**Stakeholder engagement**

Details of how we engage with our stakeholders can be found on pages 24, 25, 31, 42 and 43, and on pages 67 to 69.

**Accounting policies, financial instruments and risks**

Details of the Group's financial instruments and financial risk management disclosures can be found in note 20 of the Group financial statements on pages 148 to 151.

**Charitable donations**

During the year ended 31 December 2023, the Group contributed £9,487 (2022: £58,790) to charitable causes.

**Political donations**

No political donations or contributions were made, or political expenditures incurred, during the period.

**Research and development activities ("R&D")**

Alliance does not directly undertake pharmaceutical R&D. The innovation and development team in the UK undertakes the development of new products and line extensions, as requested by the commercial teams, as well as generating new product ideas for commercial evaluation.

**Likely future developments of the business**

Details of the likely future developments of the business are contained in the Strategic Report on page 48.

**Post balance sheet events**

As discussed in notes 5, 19 and 31 to the accompanying financial statements, on 23 May 2024, the CAT upheld Alliance's appeal against the Infringement Decision, finding that there was no agreement to exclude competition from the market and no breach of competition law and that the CMA's decision and £7.9m penalty imposed on Alliance have been set aside. As such, the £7.9m provision which was recorded at 31 December 2021 has now been released in full as a credit in the consolidated income statement for the year ended 31 December 2023, and presented as non-underlying. There are no other reportable events after the date of the balance sheet.

**Directors' obligations to the auditor**

The Directors confirm that: (a) insofar as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have each taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This statement is given in accordance with section 418 of the Companies Act 2006.

**Company's auditor**

Deloitte LLP has expressed its willingness to be formally reappointed as the Company's auditor and a resolution will be proposed at the AGM. Further information on the Company's Auditor can be found in the Audit and Risk Committee Report on page 82.

**Annual General Meeting**

This year's AGM will be held on 29 July 2024, the business of which is set out in the Notice of Meeting. A circular containing the Notice of Meeting, together with an explanatory letter from the Chair, accompanies the Annual Report and is also available on the Company's website.

Please note that, following the Company's move to electronic communications, we are no longer producing hard copy forms of proxy. These are available on request from the Company's Registrars.

**Electronic communications**

Shareholders are encouraged to move away from hard copy Company communications. This means that, instead of being obliged to send Annual Reports, notices of shareholder meetings and other documents to shareholders in hard copy by post, the Company can instead elect to publish them on its website. Using email and the website allows us to reduce printing and postage costs; it is also better for many shareholders who can elect to access just the information they need, from the website, at any time.

Shareholders still have the right to ask for paper versions of shareholder information, but we strongly encourage all shareholders to consider the electronic option.

Shareholders can also vote electronically using the following link, [www.signalshares.com](http://www.signalshares.com). Registering your details on Link's share portal also gives shareholders easy access to information about their shareholdings and the ability to vote at general meetings or appoint a proxy to vote.



## DIRECTORS' REPORT CONTINUED

**COMPLIANCE WITH THE STREAMLINED ENERGY AND CARBON REPORTING REQUIREMENTS****Consumption (kWh) and greenhouse gas emissions (tCO<sub>2</sub>e) totals**

The following figures show the consumption and associated emissions for this reporting year for our operations, with figures from the previous reporting period included for comparison.

**Scope 1** consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as Company vehicle fleets.

**Scope 2** consumption and emissions relate to indirect emissions resulting from consumption of purchased electricity in day-to-day business operations.

**Scope 3** consumption and emissions relate to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

**Totals**

The total location-based consumption (kWh) figures for reportable energy supplies are shown as follows:

Utility and Scope	2023 Consumption (kWh)	2022 Consumption (kWh)
Grid-supplied electricity (Scope 2)	220,105	229,932

Gaseous and other fuels (Scope 1)	0	8,604
Transportation (Scope 1 and 3)	239,614	193,853
<b>Total</b>	<b>459,719</b>	<b>432,389</b>

The total location-based emission (tCO<sub>2</sub>e) figures for reportable energy supplies are set out below. Conversion factors utilised in these calculations are detailed in the Reporting methodology section on page 102:

Utility and Scope	2023 Consumption (tCO <sub>2</sub> e)	2022 Consumption (tCO <sub>2</sub> e)
Grid-supplied electricity (Scope 2)	45.58	44.46
Gaseous and other fuels (Scope 1)	0.00	1.57
Transportation (Scope 1 and 3)	55.47	45.38
<b>Total</b>	<b>101.05</b>	<b>91.42</b>

**Intensity metric**

An intensity metric of tCO<sub>2</sub>e per £m turnover has been applied for our annual total location-based emissions. The methodology of the intensity metric calculations are detailed in the right hand column on this page, and the results of this analysis are shown as follows:

## YEAR-ON-YEAR CHANGES

**NATURAL GAS**

Natural Gas emissions have decreased in 2023 by 100% compared to the previous reporting year.

**ELECTRICITY**

Electricity emissions have increased in 2023 by 2.51% compared to the previous reporting year.

**TRANSPORT**

Transport emissions have increased in 2023 by 22.23% compared to the previous reporting year.

## ENERGY SAVING PROJECTS: HIGHLIGHTS

**USAGE OF LED LIGHTING****GREEN ENERGY PROCUREMENT**



## DIRECTORS' REPORT CONTINUED

Intensity metric	2023 intensity metric	2022 intensity metric
tCO <sub>2</sub> e/£m turnover	0.81	0.79
tCO <sub>2</sub> e/£m headcount	0.50	0.48

**Voluntary market-based emissions**

Alliance dual-report on location based and market-based emissions factors. Market-based emissions demonstrate the carbon reduction achieved by renewable electricity procurement. Alliance procures 100% renewable electricity for all UK sites and the site in Düsseldorf (Germany), as confirmed by invoices from suppliers.

Utility and Scope	2023 Consumption (kWh)	2022 Consumption (kWh)
Grid-supplied electricity (Scope 2)	0.00	45.76
Total Scope 2	0.00	45.76

**Energy efficiency improvements**

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next five years.

**Measures implemented in 2023****Green Energy Procurement**

During 2023, we have switched to REGO-backed 100% renewable electricity contracts for our UK and German sites, allowing our Scope 2 (market-based) emissions to drop significantly compared to 2022 despite increasing electricity consumption.

**LED Lighting**

Our Head Office is very energy efficient, relying primarily on LED lighting throughout the site. A motion-sensor system is also utilised within these offices, where the lighting automatically switches off when rooms are not in use. These measures help minimise energy wastage that can often occur in office buildings where employees may not be concerned with efficiency.

**Measures prioritised for implementation in 2024**  
**Installation of PV panels**

We completed the installation of solar PV panels on the roof in February 2024. This initiative will help us generate 25% of our electricity needs when it is in operation. The addition of on-site generation in the UK will help to provide an ongoing source of renewable electricity for our operations that will also help to reduce reliance on electricity generated off-site.

**Installation of new substation and EV charging points**

Alliance has started to install a new substation and EV charging points. This will lead us to become more energy efficient in the future. We have significant grey fleet emissions; therefore, installing EV charging stations at our sites will encourage employees to purchase electric vehicles and reduce their dependence on petrol and diesel-fuelled vehicles.

**Developing Travel Policy**

We are developing a travel policy that encourages virtual meetings over in-person or face-to-face meetings. This policy also intends to prioritise rail travel over car and air travel.

**Behaviour Change**

The business is engaging with employees to encourage more efficient use of energy-consuming equipment such as laptops and computer monitors. For example, initiatives to get employees to turn off equipment at the end of the working day will help to minimise energy consumption outside of working hours and improve the lifespan and performance of that equipment.

**Appendix to SECR****Reporting methodology**

Scope 1, 2 and 3 consumption and CO<sub>2</sub>e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. The Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting period 1 January 2023 - 31 December 2023.

All consumption data for Alliance was complete for the reporting period. Therefore, no estimations were required.

Only sites within Alliance's UK operations were included in the SECR calculations. International sites are accounted for within the Scope 3 footprint (Category 8 - Upstream Leased Assets).

For the market-based emissions reporting methodology, an emissions factor of 0 tCO<sub>2</sub>/kWh was applied to all electricity supplied to Alliance from renewable energy contracts.



## DIRECTORS' RESPONSIBILITIES STATEMENT

Intensity metrics have been calculated using total tCO<sub>2</sub>e figures, and the selected performance indicator agreed with Alliance for the relevant report period:

- › Total UK turnover in 2023: £125.2m (2022: £115.5m).
- › Total UK headcount in 2023: 202 (2022: 190).

### DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the Parent Company financial statements on the same basis.

Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- › select suitable accounting policies and then apply them consistently;
- › make judgements and estimates that are reasonable, relevant and reliable;
- › state whether they have been prepared in accordance with

UK-adopted international accounting standards;

- › assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- › use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## BY ORDER OF THE BOARD

### Chris Chrysanthou

Group General Counsel & Company Secretary  
18 June 2024